PURPLEVINE IP

Monthly Newsletter November 2022

In this newsletter, we would like to bring to you the latest industry news in China.

We are also sharing with you our insights on the legal IP updates.

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Regulatory updates

CNIPA announced 13 role models from different provinces and cities across the country to construct administrative adjudication of patent infringement disputes

Administrative procedure is a vital system to protect IP in China. To continuously improve the administrative adjudication system, the State Intellectual Property Office (CNIPA) and the Ministry of Justice selected 13 role models from different provinces and cities across the country to construct administrative adjudication of patent infringement disputes. Puprlevine would explain some of the innovative systems.

Beijing – Establishment of a trial mode combining "pre-trial conference, paper determination, and judgment on the same day" for administrative adjudication

Before the hearing, the administrative office organizes a conference between the parties involved in the infringement. Through interviewing the parties, the administrative office can easily cross-examine the evidence and find out the critical point of the dispute. Hence, improving the efficiency of the trial.

Oral trials will be unnecessary for cases with clear facts and simple legal issues. Therefore, the judgment will be made directly on paper.

When the facts of the case are clear, the collegiate panel will make a judgment right after the hearing, and the verdict will be announced in court.

By utilizing the above measure, Beijing has reduced the entire judgment cycle to less than two months, effectively improving the efficiency of administrative adjudication of patent infringement disputes.

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Shanghai - a "three-in-one" administrative adjudication mechanism

Shanghai simplifies the procedures for handling administrative adjudication cases:

- The office should accept the case if the plaintiff meets all the legal requirements.
- If the parties have stated and cross-examined the evidence before the oral trial, the paper determination will be applied, and the judgment will be made immediately.
- The joint national office conducts a joint trial of patent infringement and makes a decision in court.

It also carries out a mediation mechanism. The office would mediate between both parties for cases with simple facts and minor disputes.

It establishes a mechanism to link administrative rulings and judicial protection. The office works closely with the Shanghai Intellectual Property Court. Parties in the lawsuit have the autonomy to proceed with the case with administrative adjudication or civil litigation.

Zhejiang – Pioneering the "Internet +," a digital system for administrative adjudication

Parties can file an administrative request and submit evidence online without going to the office in person. The parties can also track the status of the case online.

Secondly, the online protection request can be transferred to the adjudication body and be reviewed in real-time. The system automatically reminds every case personnel and sends filing notices to relevant parties.

Thirdly, the trial will be conducted online. The respondent can submit the statement of defense online and push it to the claimant in real-time. The case handlers then upload the investigation and evidence materials online and can conduct an oral hearing through the video trial system. The oral hearing transcript is generated online and delivered to both parties to sign and confirm.

Lastly, the administrative ruling will be delivered online, and both parties will be notified to sign for confirmation.

Zhejiang has handled 184 administrative adjudication cases of patent infringement disputes through this system, and an average of 30% has shortened the handling period.

Source: 国家知识产权局办公室 司法部办公厅关于推介第二批全国专利侵权纠纷行政裁决建设典型经验做法的通知

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Industry news

New energy – Lithium battery

2022 High-Tech Lithium Battery Annual Conference

Special report on the 2022 High-Tech Lithium Battery Annual Conference: The 2022 High-Tech Lithium Battery Annual Conference was held in Shenzhen, China, on November 14-16. More than 20 executives from lithium battery materials and equipment companies in China's lithium battery industry gathered to discuss the industry's hot topics and concerns.

Original report

Breakthrough on the large cylindrical cells

Driven by Tesla, large cylindrical cells have become a market hot topic pursued by many companies. Shenzhen Zhongji Automation has broken through the technology bottleneck. Its 46-series large cylindrical cell high-speed assembly line has completed the pilot test. The test covered tab shaping, collector plate welding, pier pressure, encapsulation, shelling, capping, sealing welding, penetration welding, sealing nail welding, and other processes. It can provide a 100-350PPM automatic assembly production line.

Original report

Latest generation of cell stacking technology

Recently, Svolt Energy Technology released the latest generation of cell stacking technology 3.0, with a stacking efficiency of 0.125 seconds/piece, an increase of more than 200% compared to the second generation of 0.45 seconds/piece. The latest generation technology shortens the sheet material transfer between the electrode coiling and the lamination, reducing the poor processing accuracy between electrode cutting and stacking and ensuring a higher conformity rate of short-blade batteries. The area occupied by equipment units has been reduced by more than 40% compared to the previous version, significantly saving costs and improving manufacturing efficiency.

Original report

Top 15 power battery installed in 2022

Based on the data available from different battery companies, the TOP15 power battery installed from January to October are as below: CATL, BYD, CALB, Gotion, Sunwoda, EVE Energy, Svolt Energy, LG Energy, Farasis Energy, China REPT, Z Energy, Tianjin EV Energies, DFD, Tianjin Lishen Battery, Great Power.

Original report

New energy – Lithium battery

The 2022 Gaogong Lithium Battery Annual Meeting hosted by Gaogong Lithium Battery and Gaogong Industry Research Institute (GGII) was held in Shenzhen, China, in November. This annual meeting can be described as a grand event for the lithium battery industry in China, gathering the C-level management from both upstream and downstream companies in the lithium battery industry.

The attendees had in-depth discussions on topics such as green and low-carbon development of the lithium battery industry, global development and risk management, technological innovation direction of lithium battery materials, and diversification of power battery products.

In terms of green and low-carbon development, Dr. Wu Kai, chief scientist of CATL, said that the company would strive to achieve low-carbon green manufacturing, digitalization of intelligent manufacturing, and recycling of resources.

Furthermore, in terms of the development of lithium battery material technology, the substantial increase in market demand for power batteries and the performance requirements for lithium battery products in different application scenarios have encouraged lithium battery material companies to continuously carry out product updates and technological innovations.

Regarding the global development of the industry, multiple companies have optimistic views despite facing various technical and policy barriers. The companies believed that by focusing on product competitiveness, meeting the needs of global customers, and taking high-quality orders as the prerequisite for overseas capacity expansion, they could grasp the opportunities for overseas growth and enhance international competitiveness.

In terms of the diversified development of power batteries, diversified demands and diverse scenarios drive the growth of power battery technologies. Structural and material innovations put forward higher requirements for power battery product consistency and conformity rate. As a result, power battery production should move towards "extreme manufacturing," which means extremely high efficiency, extremely good quality, and extremely low cost.

This annual meeting brought together China's top 10 power battery companies, 50+ listed companies, and 90+ upstream and downstream companies in the entire chain, providing a rare opportunity for the lithium battery industry to exchange opinions. At the same time, with the vigorous development of the lithium battery industry, various companies have paid unprecedented attention to technological innovation and intellectual property protection. They have increased investment in patent mapping, quality improvement, and risk investigation and management.

Industry news

Semiconductor

Large value SiC chips deal signed

Sanan IC, a wholly-owned subsidiary of Sanan Optoelectronics, signed a "Strategic Procurement Agreement" for silicon carbide (SiC) chips with a purchaser which engages substantially in the new energy vehicle business. The estimated total value of the transaction will be RMB 3.8 billion by 2027. As a result, Sanan IC will be one of the key players in the new energy vehicle market, and the third-generation semiconductor business, particularly the SiC chips, will usher in heavy growth.

Original report

Investment in the wafer's production

BYD Semiconductor announced that it would increase its investments in the wafer's production scale, improve its supply, and establish robust production control. Considering that frequent investment may affect the company's future assets and business structure, it will terminate the IPO process.

Original report

Release of an 8-inch conductive silicon carbide substrate wafer

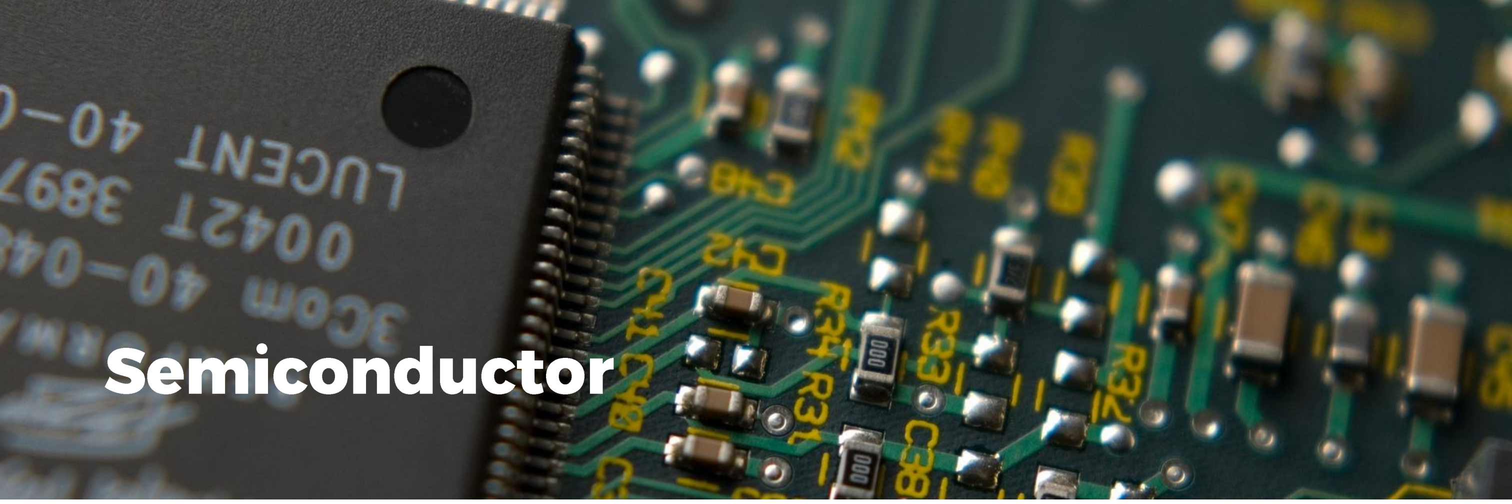
At the 3rd Asia-Pacific International Conference on Silicon Carbide and Related Materials, Tianke Blue Semiconductor released an 8-inch conductive silicon carbide substrate wafer.

Original report

the IPO application of Hua Hong Semiconductor Co., Ltd

The Shanghai Stock Exchange has accepted the IPO application of Hua Hong Semiconductor Co., Ltd. on the Science and Technology Innovation Board. The company mainly provides OEM services for producing 8-inch and 12-inch wafers. In addition, it manufactures various semiconductor products while delivering integrated circuit design and testing support.

Original report



Semiconductor

Driven by the strong demand of the domestic market, especially the new energy automobile industry, the development of the third-generation semiconductor is significant, boosting investment in the field. Chinese semiconductor manufacturers from different areas have been working closely on the entire cycle of wafer production, OEM production, and testing. As the crucial material of the third-generation semiconductor, silicon carbide has been produced massively and is applied to new energy vehicles. The technical difficulty lies in the wafer preparation process at the front end of the process. However, the updates of the back-end process are based on the existing silicon technology. Indeed, domestic companies have made considerable progress in preparing silicon carbide wafers. SICC has supplied its independently developed semi-insulating silicon carbide substrate products to the domestic downstream core customers. Well-known foreign semiconductor companies are also using SICC's products. Tianke Blue Semiconductor has also gained 90% of the market share in the domestic market in terms of conductive silicon carbide substrates, supporting the localization of silicon carbide chips.

Industry news

Pharmaceuticals

Battles between Warrant and Sanhome

According to the announcement of Warrant Pharmaceuticals (Warrant), it received a summons from the Hefei Intermediate People's Court for the antibacterial product "Levonidazole Tablets." The pharmaceutical company Nanjing Sanhome (Sanhome) sued both the Warrant and Dalian Zhongxin Medicine (Zhongxin) for infringement and claimed 30.76 million yuan. However, there has yet to be a final verdict.

Warrant and Sanhome are the only companies in China that have obtained the product registration approval for the patent-in-suit "Levonidazole Tablets." Warrant received marketing approval in 2017, while Sanhome's registration was approved in 2020.

However, as early as 2005, Sanhome had filed two patent applications on L-ornidazole. Therefore, Sanhome is using these patent rights as a basis to sue Warrant for patent infringement.

In August 2019, Sanhome filed a lawsuit against Warrant and Zhongxin (the partnered company of Warrant) with the Shanghai Intellectual Property Court on the grounds of patent infringement of the co-manufactured and sold Levonidazole Tablets. In 2020, Warrant lost the case at first instance, and the original verdict was upheld after the appeal. Warrant and Zhongxin should immediately stop infringing on Sanhome's invention patents and jointly compensate Sanhome for economic losses of RMB 300,000 and reasonable expenses of RMB 100,000.

Since establishing the patent linkage system in China, several domestic pharmaceutical companies have successively challenged the patent rights of original drugs, and there may be more coming up in the future. Therefore, original drug companies should pay more attention to the relevant patent rights and interests and formulate corresponding patent strategies in advance, such as registering relevant patents on the marketed drug patent information registration platform and tracking the patent declaration of generic drugs.

For generic drug companies, it is vital to have a comprehensive understanding of the core patented technologies and expiration dates of original drugs. They should also promptly follow up on global R&D progress, avoid patent disputes by adopting patent breakthroughs and evasion methods, and obtain a leading generic drug maker in potential therapeutic fields. The above measures would be critical to the generic drug companies, which is significant to sustainable development and improving competitiveness.

Original report

Licensing agreement on Hansiang

On November 17, Henlius announced that the company and Fosun Pharma agreed to grant Fosun Pharma an exclusive IP license to commercialize licensed products in several overseas countries. The licensed product is Hansiang (Serplulimab injection), an innovative anti-PD-1 monoclonal antibody independently developed by Henlius. The drug was approved in China in March 2022 to treat adult patients with unresectable or metastatic microsatellite instability-high ("MSI-H") advanced solid tumors who have failed standard therapy.

According to the agreement, Fosun Pharma shall pay Henlius an initial payment of RMB 1 billion, a one-time regulatory milestone payment of USD 50 million (about RMB 358 million), and a maximum of USD 650 million (about RMB 4.652 billion) of sales milestone payments, and royalties, etc.

Original report

Two Chinese pharmaceutical companies are expanding overseas

Recently, the two pharmaceutical companies, Hibio Pharmaceutical and Yabao Pharmaceutical released announcements on the progress of the overseas listing of products. Desmopressin acetate (CAS) from Hibio obtained an EU CEP certificate, while Sorafenib tosylate from Yabao received approval in the United States.

Hibio Pharmaceutical has obtained the EU CEP certificate (certificate number R0-CEP 2021-221-Rev 00) issued by EDQM for Desmopressin acetate (CAS), valid for five years from November 14, 2022.

In July 2019, Yabao submitted an application to the US FDS under the Abbreviated New Drug Application (ANDA, US Generic Drug Application) for Sorafenib tosylate. As a result, the application was provisionally approved. Detail can be found in "Announcement on the Subsidiary's Preparation Product Sorafenib tosylate Obtaining the Provisional Approval Number of the US FDA (Announcement No.: 2019-026)".

Original report

Pharmaceuticals

The domestic pharmaceutical field has been very active in recent years, with active research and development, active domestic and foreign transactions, and companies actively expanding foreign markets. Intellectual property has undoubtedly played an important role.

In the patent litigation of Sanhome and Warrant, though the defendant Warrant received the marketing approval in 2017, which was earlier than the plaintiff (received approval in 2020), the plaintiff had obtained two patent rights of L-ornidazole as early as 2005 before getting the marketing approval. Moreover, based on these patent rights, Sanhome has already received favorable awards from the court in 2019.

In addition, we have also seen that domestic companies pay more attention to intellectual property rights when entering overseas markets.

We can also see that the Chinese pharmaceutical industry is active in biological medicine, characterized by traditional Chinese medicine. Still, there needs to be more innovative medicine in terms of chemical medicine. We are excited to see how this will develop soon.

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