

W&B Legal Newsletter

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INTRODUCTION

Watson & Band has flourished into a full-service law firm with more than 400 professionals around China. We provide the highest quality services for our clients and enjoy a nationwide reputation as one of the most prominent law firms in China. This excellence and breadth has made us the firm of choice for many world's leading companies and financial institutions as they seek sophisticated legal service. Based on its commitment of quality service, Watson & Band has retained a team of professionals to provide diversified service to its clients, which has won it the honor of China's Best Law Firm and Top-tier IPR Team.

Watson & Band Law Offices

Established in 1995, Watson & Band is one of the oldest law firms in China that provide foreign-related legal services. Headquartered in Shanghai, Watson & Band maintains multiple branches or offices in Beijing, Hong Kong, Harbin, Lanzhou, Yantai, Guangzhou, Suzhou, Chizhou, Zhengzhou, Chengdu, Nanning, Kunming, Tokyo and San Francisco.

Over the last three decades our team members have collaborated to stay on top of IP and corporate issues, helping clients improve operations, reduce costs, limit risks, enforce rights and achieve common business goals. For these reasons, the firm and its professionals are consistently recognized in client and peer-reviewed industry awards and rankings as being among the best.

These superb services derive from a spirit of dedication that has brought Watson & Band the honor of being listed among "China's Best Law Firms". In past years our firm has received numerous awards from third-party ranking agencies such as "Top 10 IP Law Firm", "Recommended Law Firm", "China's Most Dynamic Law Firm" and "Premier IP Law Firm". Watson & Band Law Offices has also been named a "Key Shanghai Enterprise in Special Services Trades (Legal Services)" by the Shanghai Municipal Commission of Commerce and the Shanghai Judicial Bureau.

Watson & Band Intellectual Property Agent Ltd.

Headquartered in Shanghai, W&B Agent Ltd. operates branch offices in Beijing and Lanzhou. Our patent agency services cover various technical fields such as chemistry, biology, medicine, mechanics, electronics, communication, optics and physics, as well as design patent, IP searches, patent validity analysis, infringement analysis, requests for patent invalidation declaration, litigation and patent consultation, etc. We have established a patent agency service department responsible for special clients. Agents from various technical divisions all have rich experience and are able to work with several languages.

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Disclaimer

- ◆ This Newsletter provides case brief only instead of formal legal opinion regarding any specific case.
- ◆ This Newsletter selects and summarizes official announcements, news and other public documents released by National Intellectual Property Administration of China (CNIPA), Trademark Office of CNIPA, National Copyright Administration of China and other official institutions.
- ◆ This Newsletter has cited the source of the aforementioned official announcements, news and other public documents.



Watson & Band Welcomes New Partner Li Baochun, Expanding Capabilities in Debt Restructuring and Non-Performing Assets

Watson & Band is pleased to announce the appointment of Mr. Li Baochun as Partner. Drawing on his tenure at China's "Big Four" Asset Management Companies (AMCs), Mr. Li possesses deep insight into financial institutions' asset disposition strategies and the investment criteria of capital providers. He brings a proven track record in the investment and financing of non-performing assets (NPAs), the turnaround of distressed enterprises, and complex commercial restructuring.

Mr. Li's expertise was recently recognized at the "2025 Non-Performing Asset Conference" in Hangzhou on December 5, 2025. There, his team was honored with the "Golden Stone Award for Outstanding Contribution," an accolade acknowledging technical excellence and successful mandates that have established new industry benchmarks. Mr. Li's arrival marks a strategic expansion of Watson & Band's Bankruptcy Reorganization and Corporate Rescue practice, reinforcing the Firm's ability to resolve complex commercial challenges and deliver comprehensive legal solutions.

Watson & Band Promotes Ms. Peng Yushi to Partner, Strengthening Patent Litigation and Cross-Border IP Practice

On December 1, 2025, Watson & Band announced the promotion of Ms. Peng Yushi to Partner in the Shanghai Head Office.

Ms. Peng holds dual qualifications as an Attorney-at-Law and a Patent Attorney, underpinned by an interdisciplinary academic background in Law and Computer Science. A specialist in intellectual property dispute resolution, she has extensive experience handling complex patent litigation, cross-border IP disputes, and technology transfer matters.

Throughout her career, Ms. Peng has acted as counsel to leading multinational and domestic corporations, including Google, Continental AG, Baosteel Group, and SMC Corporation. This promotion highlights Watson & Band's commitment to developing top-tier internal talent and solidifies the Firm's market leadership in premier intellectual property legal services.



CSRC Solicits Public Opinions on Draft Regulations for the Supervision of Listed Companies, Aiming to Elevate Legislative Hierarchy

On December 5, 2025, the China Securities Regulatory Commission (CSRC) released *the Regulations on the Supervision and Administration of Listed Companies (Draft)* (hereinafter referred to as the “Draft Regulations”) for public consultation.

The Draft Regulations are positioned as an “administrative regulation” within China’s legislative hierarchy. They are designed to bridge the legislative gap currently existing between higher-level laws (such as *the Company Law* and *Securities Law*) and lower-level departmental rules. The document covers the “full life cycle” of listed companies and establishes four core priorities:

- Prioritizing Corporate Governance: For the first time, a dedicated chapter is established at the administrative regulation level to standardize governance, specifically strengthening checks and balances on the “key minority” (i.e., controlling shareholders and actual controllers).

- Supporting M&A and Restructuring: The draft refines acquisition standards to facilitate market consolidation.

- Combating Violations: It constructs a comprehensive system to prevent and crack down on financial fraud and fraudulent issuances. Enhancing Investor Protection: The draft improves mechanisms for dividend distribution and share repurchases, while strictly prohibiting the use of bankruptcy reorganization to evade delisting obligations

(Source: CSRC)

CNIPA Amends Guidelines for Patent Examination, Effective 2026

On November 14, 2025, the China National Intellectual Property Administration (CNIPA) released *the Decision on Amending the Guidelines for Patent Examination* (hereinafter referred to as the “Revised Guidelines”), which will enter into effect on January 1, 2026.

The Revised Guidelines focus on refining examination rules for emerging fields such as Artificial Intelligence (AI) and streaming media. Key updates include:

- AI Technology:** The document explicitly incorporates “AI ethics” into the scope of examination considerations for the first time and adds new examples regarding the examination of “inventiveness” for AI-related claims.

- New Business Models:** Specific provisions have been added regarding the examination of “bitstream” (or data stream) patent applications. These provisions clarify the eligibility and boundaries for granting patent rights to such technical solutions, providing a clear legal basis for strategic patent filing in frontier technologies.

(Source: CNIPA)



CAC Proposes New Rules Establishing "Annual Assessment" Regime for Important Data

On December 6, 2025, the Cyberspace Administration of China (CAC) released the *Measures for Network Data Security Risk Assessment (Draft for Comments)* (hereinafter referred to as the “Measures”) for public consultation.

As a crucial supporting departmental regulation for the Data Security Law, the Measures clearly define differentiated assessment obligations based on data classification:

- **Important Data:** Processors of “important data” are mandated to conduct a risk assessment at least once annually. Additionally, an immediate assessment is required if there is a major change in the data security status.
- **General Data:** Processors of “general data” are encouraged to conduct a risk assessment once every three years.

Furthermore, the Measures establish a mechanism for the “mutual recognition of results,” aimed at preventing duplicative compliance audits for enterprises and effectively reducing overall compliance costs.

(Source: CAC)

Regulators Propose Graded Cybersecurity Labeling System for Connected Products

On November 21, 2025, the Cyberspace Administration of China (CAC) and the Ministry of Industry and Information Technology (MIIT) jointly released *the Administrative Measures for Cybersecurity Labels (Draft for Comments)* (hereinafter referred to as the “Measures”), soliciting public feedback until December 6.

The Measures aim to establish a “trusted digital identity” for connected products such as smart home devices and intelligent terminals, addressing information asymmetry through a mechanism of “traceability via a unique code.” The document establishes a principle of “voluntary participation and market-led development,” classifying the cybersecurity capabilities of products into three distinct tiers: Basic (1-star), Enhanced (2-stars), and Advanced (3-stars), all subject to catalog management. Enterprises may apply for the filing to obtain the unified label through either a “declaration of conformity” or “third-party testing.”

On the regulatory front, the Measures construct a closed-loop system of “ex-ante filing and ex-post accountability.” The draft explicitly states that enterprises found forging labels or falsifying application materials will face severe penalties, including the revocation of their filing and a strict “one-year market entry ban.”

(Source: CAC and MIIT)

Regulators Move to Strengthen Personal Information Protection Obligations for “Large Internet Platforms”

Recently, the Cyberspace Administration of China (CAC) and the Ministry of Public Security (MPS) jointly released *the Regulations on Personal Information Protection for Large Internet Platforms (Draft for Comments)* (hereinafter referred to as the “Draft Regulations”), which are open for public comment until December 22, 2025.

The Draft Regulations establish clear criteria for identifying “Large Internet Platforms” based on core metrics of “user scale” (e.g., over 50 million registered users or over 10 million monthly active users) and “data importance.” The document mandates that such platforms must appoint a dedicated Person-in-Charge of Personal Information Protection and establish a specialized working body responsible for compliance audits and risk monitoring.

Regarding user rights and interests, the Draft Regulations explicitly require platforms to provide convenient channels for users to exercise their rights to access, copy, and delete data, cancel accounts, and “withdraw consent.” The setting of unreasonable barriers to exercising these rights is strictly prohibited.

(Source: CAC and MPS)

SAMR Releases Anti-Monopoly Compliance Guidelines for Internet Platforms, Introducing Compliance Incentive Mechanisms

On November 15, 2025, the State Administration for Market Regulation (SAMR) released *the Guidelines for Anti-Monopoly Compliance of Internet Platforms (Draft for Comments)* (hereinafter referred to as the “Guidelines”) for public consultation.

The Guidelines aim to provide platform enterprises with precise directions for risk identification and prevention. The document establishes a “substantive compliance” (or “look-through”) principle, requiring platforms to strengthen internal reviews of their algorithms, data usage, and platform rules. Drawing on recent enforcement practices, the Guidelines highlight eight specific scenarios involving new types of monopoly risks. These include algorithmic collusion, exclusivity arrangements (commonly known as “Pick One of Two”), blocking and shielding of competitors, algorithmic price discrimination (known as “Big Data Swindling”), and restrictions based on “lowest price across the whole network” (MFN clauses).

Notably, the Guidelines introduce a compliance incentive mechanism. It clarifies that if a platform operator can demonstrate the effective operation of its compliance system, it may apply for incentives if facing an anti-monopoly investigation. This provides strong policy support for enterprises to establish substantive, rather than merely formalistic, compliance frameworks.

(Source: SAMR)

CNIPA Issues Notice to Strictly Regulate Trademark Usage and Crack Down on "Special Supply" and "Exclusive Supply" Claims

On November 17, 2025, the General Office of the China National Intellectual Property Administration (CNIPA) issued the *Notice on Strengthening the Administration of Trademark Usage* (hereinafter referred to as the “Notice”).

The Notice identifies seven categories of behavior as key regulatory targets, aiming to eliminate market confusion and false publicity.

- Regarding Unregistered Trademarks: The regulator will strictly scrutinize the use of misleading terms such as “Exclusive Supply” (Zhuan Gong), “Special Supply” (Te Gong), “National” (Guo), “Zero Additive,” and “Handmade” where the usage does not align with the product’s actual attributes.

- Regarding Registered Trademarks: The Notice prohibits the unilateral alteration of registered particulars aimed at “free-riding” on the goodwill of others.

Furthermore, the Notice specifically reiterates the compliance “red lines” for advertising: it forbids the prominent use of the term “Well-known Trademark” in commercial activities and clarifies that tobacco products (including electronic cigarettes) are subject to mandatory trademark registration requirements. Regulatory authorities will conduct targeted inspections in key sectors such as food, pharmaceuticals, and children’s toys.

(Source: CNIPA)

SPC Publishes Typical Cases, Establishing the Principle of "Comprehensive Compensation" for Malicious IP Litigation

On November 19, 2025, the Supreme People’s Court (SPC) released the *Typical Cases Addressing Malicious Intellectual Property Litigation* (hereinafter referred to as the “Typical Cases”).

The Typical Cases detail the adjudication results of five representative lawsuits, clarifying the criteria for determining bad faith and the applicable rules for damages.

- Comprehensive Compensation Principle: For the first time, the SPC has formally established the principle of “comprehensive compensation.” This mandates that the initiator of malicious litigation must indemnify the defendant not only for reasonable expenses, such as attorney fees, but also for lost business opportunities and expected profits resulting from litigation preservation measures (e.g., asset freezing or injunctions) or necessary steps taken to avoid risk.

- Common Scenarios: The cases cover high-incidence scenarios, including obstructing a competitor’s Initial Public Offering (IPO), inducing infringement for the purpose of collecting evidence (often referred to as “IP entrapment”), and filing lawsuits despite being fully aware of defects in the underlying intellectual property rights.

The SPC emphasized that prospective plaintiffs must rigorously assess the “existence, stability, and strength” of their rights basis prior to filing. The Court vowed to impose severe sanctions in accordance with the law on “pseudo-enforcement” actions that utilize litigation as a tool to disrupt the legitimate business operations of others.

(Source: SPC)