

W&B IP Newsletter

June of 2025, Vol. 98

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Patent

2024 Patent Survey Report Series—— Topic 4: Enterprises Actively Respond to Changes in International Economic and Trade Competition

The 2024 Patent Survey reveals a sharpening of the challenges facing Chinese enterprises in the global marketplace. A growing number are encountering international IP disputes, leading to a more cautious approach to expanding their patent portfolios abroad. In response, these companies are strategically pivoting to increase their domestic innovation efforts, underscoring a dynamic shift in how they manage and leverage their IP assets.

(I) International IP Disputes on the Rise

1.Large and Medium-Sized Enterprises Facing More International IP Disputes

The survey indicates that 2.7% of all surveyed Chinese enterprises reported facing international IP disputes, a notable increase of 0.3 percentage points from 2023. Analyzed by enterprise size, the proportions of large, medium, small, and micro enterprises facing international intellectual property disputes were 7.5%, 3.1%, 0.9%, and 0.5% respectively. (See Figure 31)

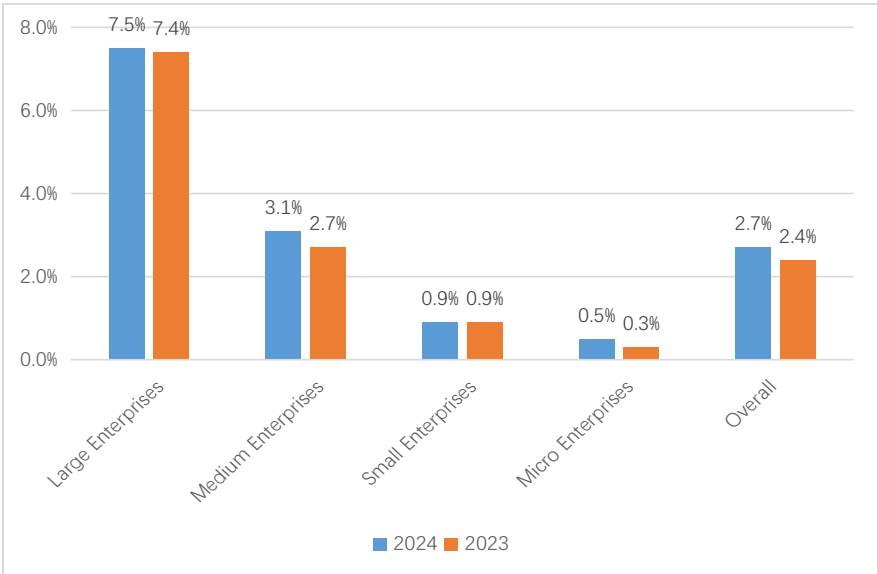


Figure 31: Proportion of Enterprises of Different Sizes Encountering International IP

2.Computer, Communications, and Other Electronic Equipment Manufacturing Industries Are Primary Battlegrounds

From an industry perspective, enterprises in the computer, communications, and other electronic equipment manufacturing sectors are at the epicenter of this trend. These patent-dense industries saw 7.9% of their companies face international IP disputes, a sharp 1.5 percentage point increase from the 6.4% reported last year. Both the overall rate of infringement and the year-on-year increase significantly outpace the national average . (See Figure 32)

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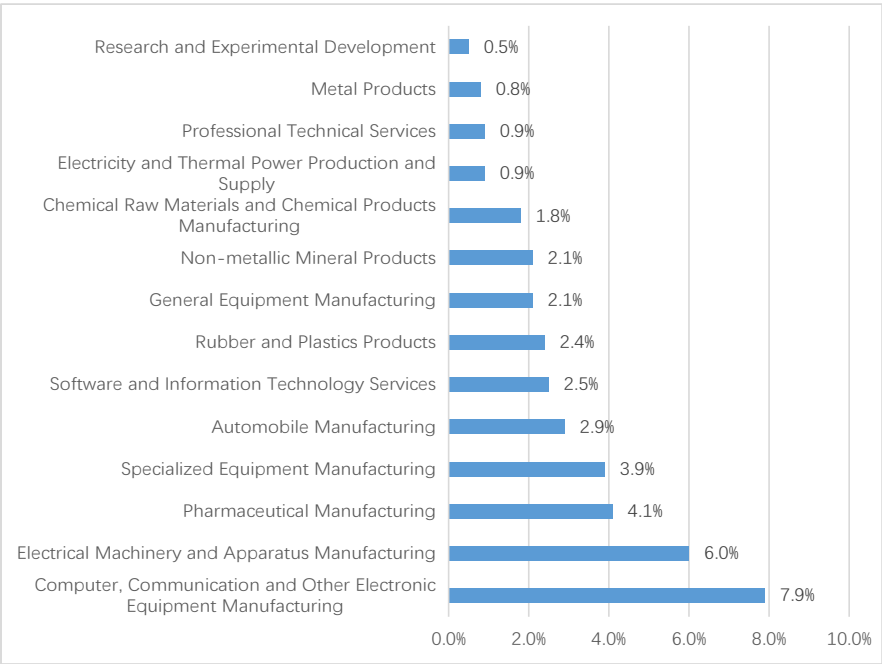


Figure 32: Proportion of Enterprises from Different Industries Encountering IP Disputes

3.Litigation is the Dominant Form of Dispute

Formal litigation has become the most common type of international IP dispute, now accounting for 75.3% of all cases. This represents a dramatic 11.6 percentage points surge from the previous year. Trade investigations are the second most frequent type, at 16.7%, a decrease of 2.4 percentage points from the previous year. Exhibition-related disputes account for 14.4%, an increase of 1.0 percentage point from the previous year. Additionally, customs enforcement accounts for 8.6%, and other types account for 14.4%.

4.Urgent Demand for International IP Enforcement Support

The survey found that 51.4% of enterprise patent holders now require assistance with their international IP enforcement strategies — a massive 28.1 percentage points leap from the previous year. (For details, see Figure 33)

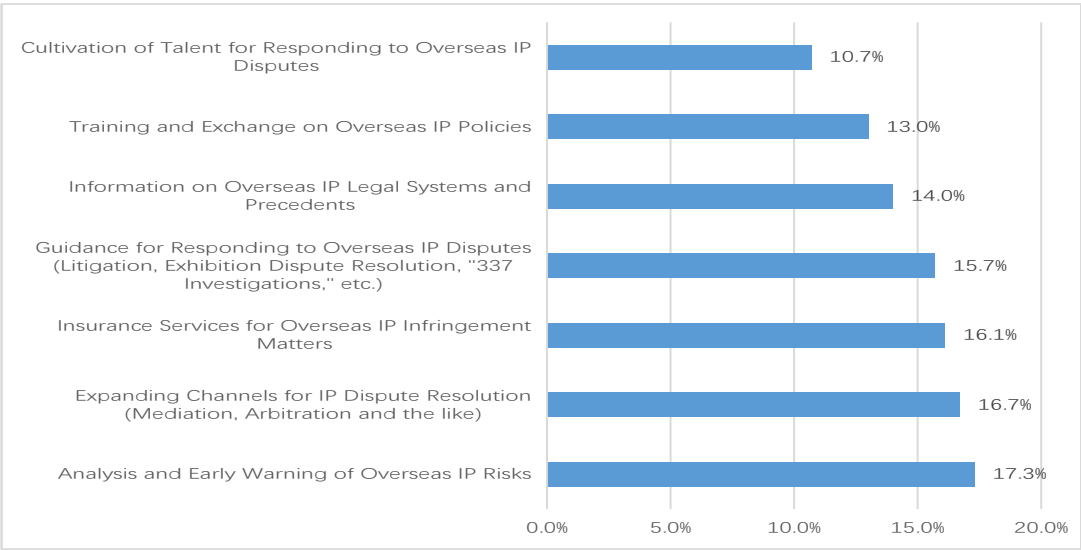


Figure 33: Specific Needs of Enterprises Regarding International IP Enforcement Assistance Services

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(II) Market Factors Shape International Patent Portfolio Strategy

1. A Strategic Gap Between Exporting and Patenting

The survey reveals a significant gap between commercial activity and IP protection. While 24.4% of Chinese patent holders export their products, only 5.7% file for patents abroad (e.g., via the PCT or Paris Convention), creating an overall 'export-to-filing' ratio of 4.3-to-1.

This gap is narrowest for large enterprises at just 1.7-to-1. However, it widens dramatically for medium (2.8x), micro (4.4x), and small (5.3x) enterprises, suggesting many are selling internationally without foundational patent protection. (see Figure 34).

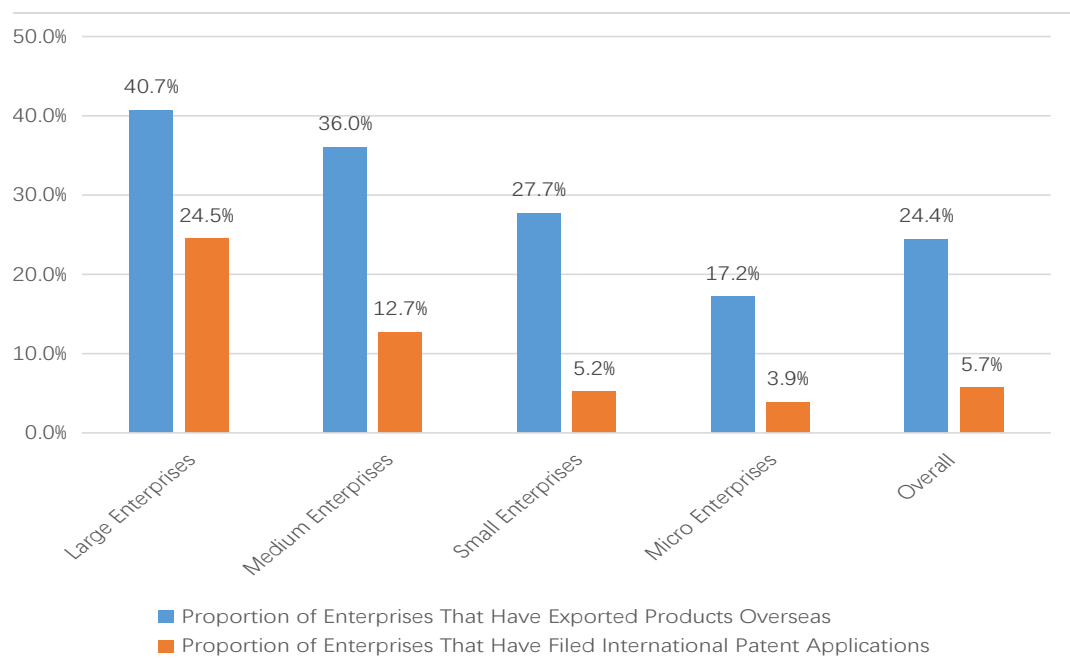


Figure 34: Proportion of Enterprises of Different Sizes That Have Filed International Patent Applications and Exported Products International Disputes

2. Future Outlook Dims for International Patent Filings

Expectations for future international patenting have also weakened. When asked about their plans for the coming year, fewer enterprises expressed an intention to file abroad compared to last year's survey. This dampened outlook is a direct reflection of increasing uncertainty in the international economic and trade environment, which is compelling companies to adopt a more conservative posture. (see Figure 35).

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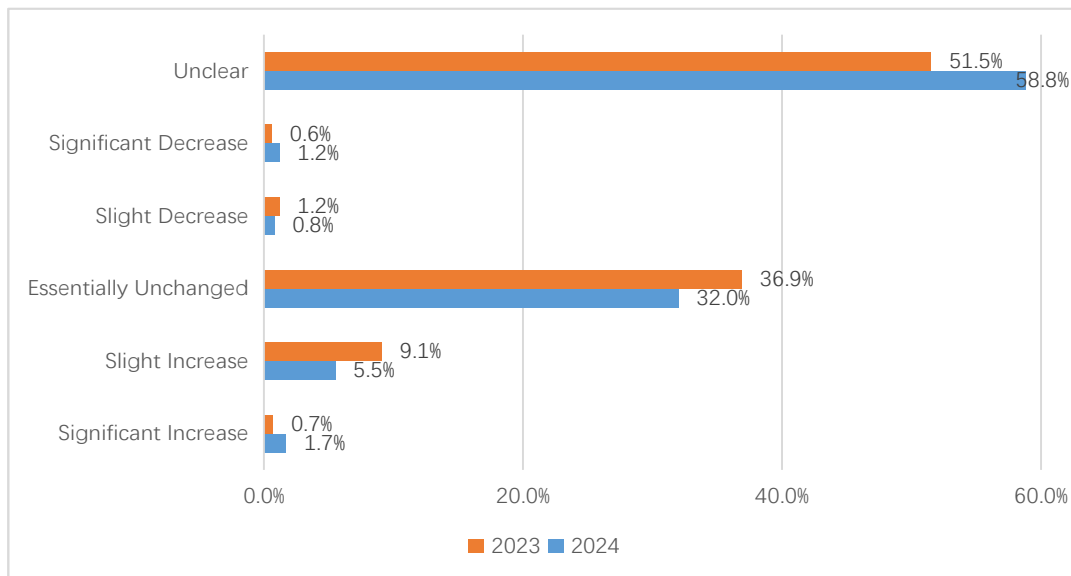


Figure 35: Enterprises' Intentions to File International Patent Applications (Through routes like PCT and Paris Convention) in the Coming Year

3. Market Demand, Not Legal Hurdles, Drives Overseas Patent Strategy

The survey confirms that decisions on whether to make international filings are being driven by commercial reality. The primary factor cited was shifting international market demand, indicating that companies are making proactive business adjustments rather than reacting to legal or procedural difficulties in foreign markets.

The top three factors cited were:

- Shifting International Market Demand (35.4%): Companies are strategically re-focusing on the robust domestic market
- Global Economic Headwinds (29.8%): Broad economic volatility and industry-specific downturns are discouraging investment in foreign patenting.
- Intense Technological Competition (26.0%): The high R&D standards and costs required to secure a meaningful patent in a competitive global field are a significant consideration.

4. A Call for Diversified Policy and Service Support to Foster Global IP Expansion

When asked what policies would best help them expand their international patent portfolios, the leading request was for direct financial incentives (28.6%). This includes policy guidance, subsidies, and tax benefits designed to de-risk the significant investment required for international patent prosecution and maintenance.

(III) Slight Decrease in Proportion of Enterprises Utilizing International Patented Technologies

Among enterprise patent holders surveyed in 2024, the proportion of enterprises licensing-in or otherwise using international patented technologies dropped to 2.2%, down 0.3 percentage points from the previous year. The rate at which Chinese enterprises licensed or transferred their own patents to foreign entities held steady at 0.8%. (See Figure 38)

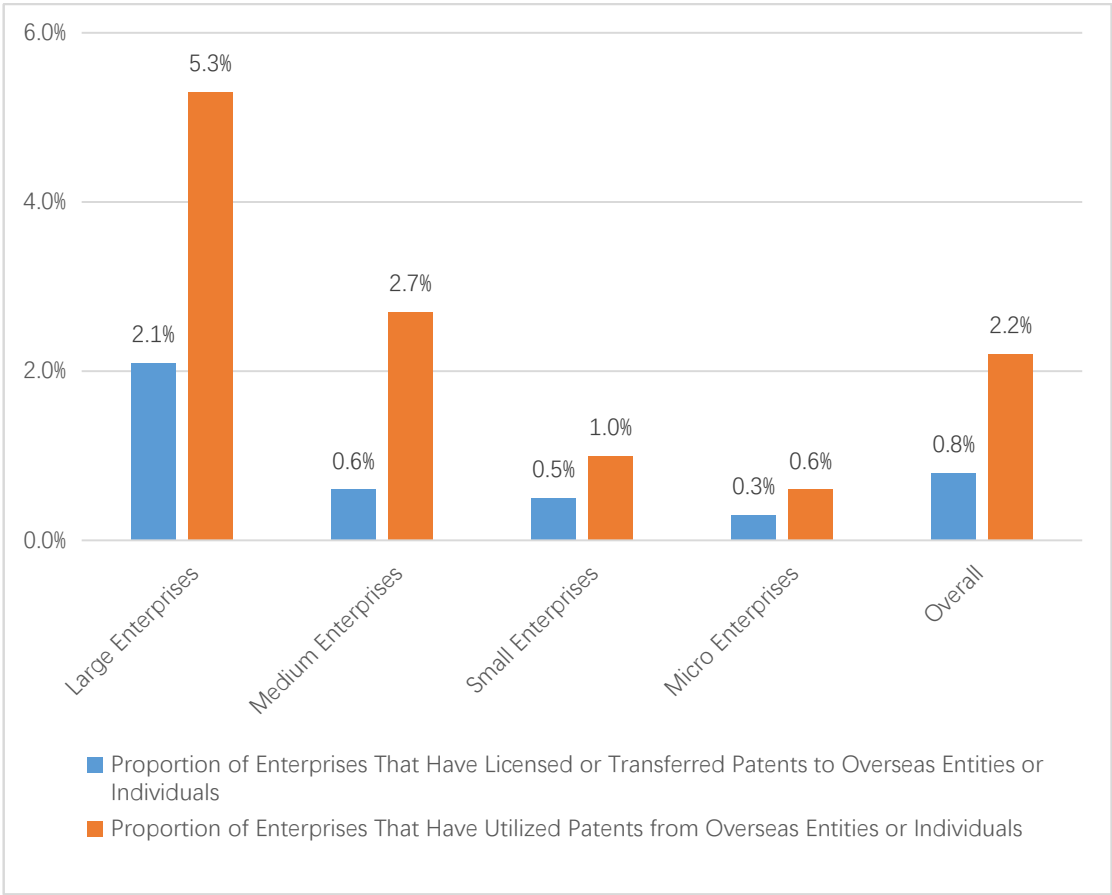


Figure 38: Licensing-in and Licensing-out of Patent by Enterprises of Different Sizes

(IV) Enterprises Actively Responding to International Economic and Trade Competition

1.The Impact of Foreign Trade Policies on IP Activities.

The survey found that 4.8% of enterprises reported experiencing unfair treatment or discriminatory restrictions overseas. For those affected, the most common challenges were:

- Restrictions on Product & Service Imports (43.0%): Direct barriers to market access.
- Increased Difficulty in Securing Patent Rights (36.1%): Perceived higher scrutiny or procedural hurdles during patent prosecution in foreign jurisdictions.
- Technology Export Controls (31.7%): Regulations in other countries limiting the transfer of key technologies.

2.The Response: A Two-Pronged Strategy of Innovation and Compliance

Faced with these headwinds, Chinese enterprises are adopting a clear and assertive two-pronged strategy:

-Intensifying Independent Innovation (77.8%): An overwhelming majority of affected companies are choosing to "increase R&D investment to break through 'chokehold' technologies." This commitment, up 2.9 percentage points from last year, demonstrates a strategic resolve to achieve technological self-sufficiency and reduce reliance on foreign-controlled innovation.

-Strengthening Policy and Compliance Expertise (61.6%): A significant and growing number of firms are focusing on "strengthening policy compliance responses to unfair treatment or discriminatory restrictive measures." This figure surged by an impressive 7.2 percentage points, highlighting a new level of sophistication. Companies are investing in the legal and regulatory expertise needed to navigate, challenge, and operate within complex international trade laws.

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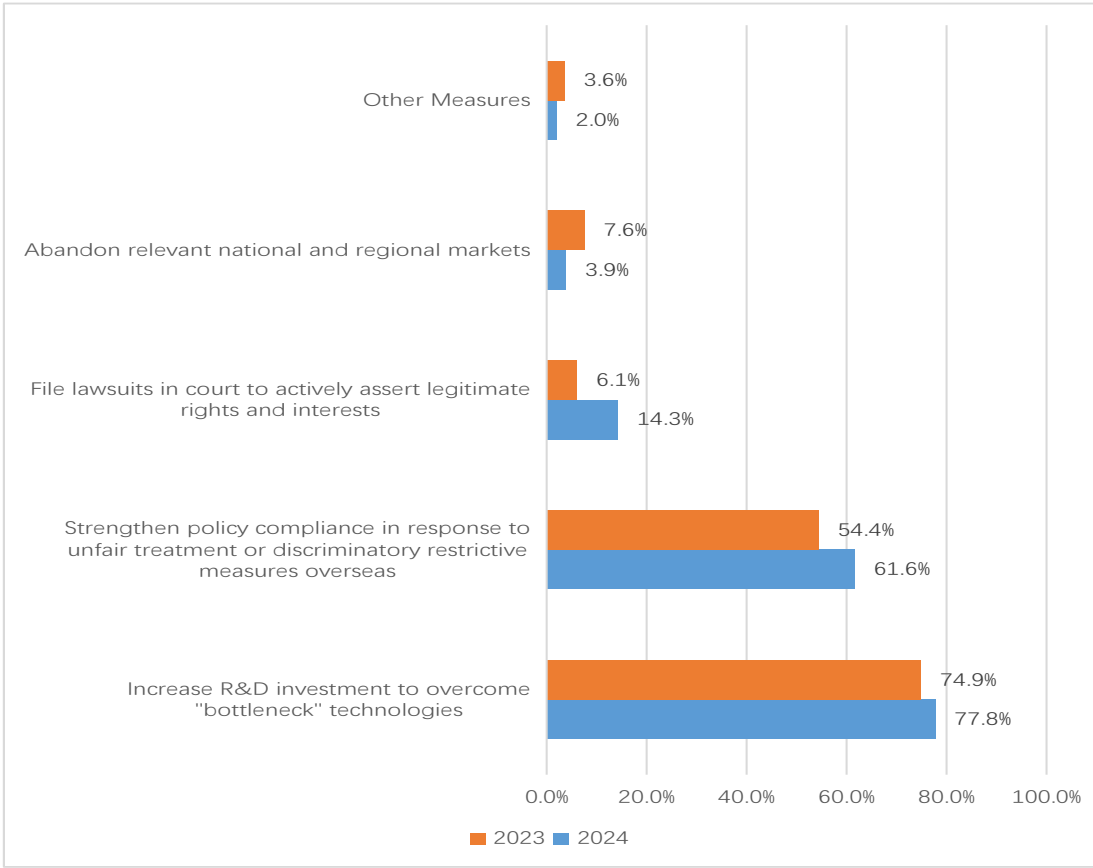


Figure 40: Enterprise Response Measures to International Economic and Trade Competition

(Source: CNIPA)

Intellectual Property

Latest Release: 2024 Survey on Chinese Enterprises' IP Disputes in the U.S. (Patent Chapter)

Recently, the China Intellectual Property Society (CIPS) released its "2024 Survey Report on Chinese Enterprises' International Intellectual Property Disputes." According to the report, in 2024, Chinese enterprises were involved in 1,302 cross-border e-commerce cases in the U.S. Chinese enterprises were defendants in 1,165 of these cases, accounting for 89.48%. The number of cross-border e-commerce patent litigation cases totaled 410, with 322 new filings and 226 closed cases. Trademark litigation cases numbered 938, with 643 new filings and 725 closed cases. A total of 12,382 instances of Chinese enterprises were involved in new cross-border e-commerce cases, with Chinese enterprises as defendants in 12,000 instances, accounting for 96.91%.

This issue of our newsletter focuses on the report’s findings for patent litigation, analyzing the overall trends and case statistics. A subsequent analysis in our next issue will delve into the specific dynamics for trademark and trade secret disputes.

1.Overall Litigation Landscape

In 2024, a total of 1,856 IP litigation cases involving Chinese enterprises were active in the U.S. court system, a total that includes both newly filed and recently closed matters. U.S. courts saw 1,227 new IP cases filed against or by Chinese firms, a 4.6% increase from the prior year, and 1,280 closed cases.

Table 1-1: Number of New Filings and Closed Litigation Cases

IP Type	Total Active Cases	New Filings	YoY Growth/ Decline	Closed Cases
Patents	870	587	31.03%	509
Trademarks	1019	668	-11.76%	786
Trade Secrets	32	16	-30.43%	17
Total	1856	1227	4.60%	1280

New Filings Overview

In the 1,227 new cases filed, Chinese companies were named as a party 12,857 times. Of these party-instance, 475 were as a plaintiff (rights holder) and 12,382 were as a defendant, a staggering 96.3%.

Table 1-2: Plaintiff vs. Defendant Roles by IP Type

IP Type	Instances as Plaintiff	Instances as Defendant	% as Defendant
Patents	384	1707	81.64%
Trademarks	100	10865	99.09%
Trade Secrets	9	19	67.86%
Total	475	12382	96.31%

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Closed Cases Overview

In 2024, U.S. courts closed 1,280 IP litigation cases involving Chinese firms, impacting a total of 17,297 instances of Chinese enterprise. Trademark cases constituted the largest portion of these resolutions (786), followed by patent (509) and trade secret (17) matters.

Table 1-3: Average Time to Case Closure

IP Type	Average Duration (Days)
Patents	338
Trademarks	192
Trade Secrets	911

2.Patent Litigation

New Filings Overview

New patent lawsuits surged by 31.03% in 2024, reaching a total of 587 cases. Of these, Chinese firms acted as plaintiffs in 139 cases, defendants in 312, and were litigants on both sides in another 136. Significantly, while the volume of lawsuits grew, they involved fewer companies overall. The 2,091 instance of Chinese enterprise represented a 19.58% decline from the prior year.

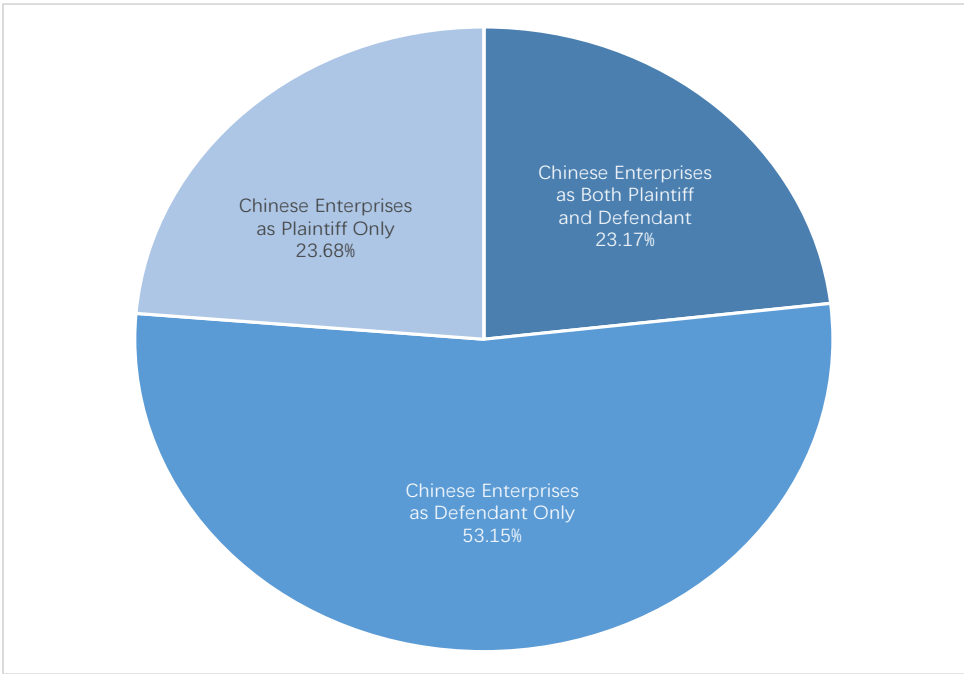


Figure 2-1: Proportion of Cases Where Chinese Enterprises are Plaintiffs or Defendants in Patent Litigation

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Industry Hotspots: Retail Overtakes High-Tech as Top Target

In a significant shift, patent litigation spanned 26 industries, with the wholesale and retail trade sector becoming the primary target (214 cases). This surpassed the traditional hotspot, computer, communication and electronics manufacturing (114 cases), as the most-sued industry. Other heavily targeted sectors included software and IT services (64 cases), electrical machinery and equipment manufacturing (37), pharmaceuticals (22), business services (21), other manufacturing (11) and other industries (68), demonstrating the wide reach of patent disputes across the economy.

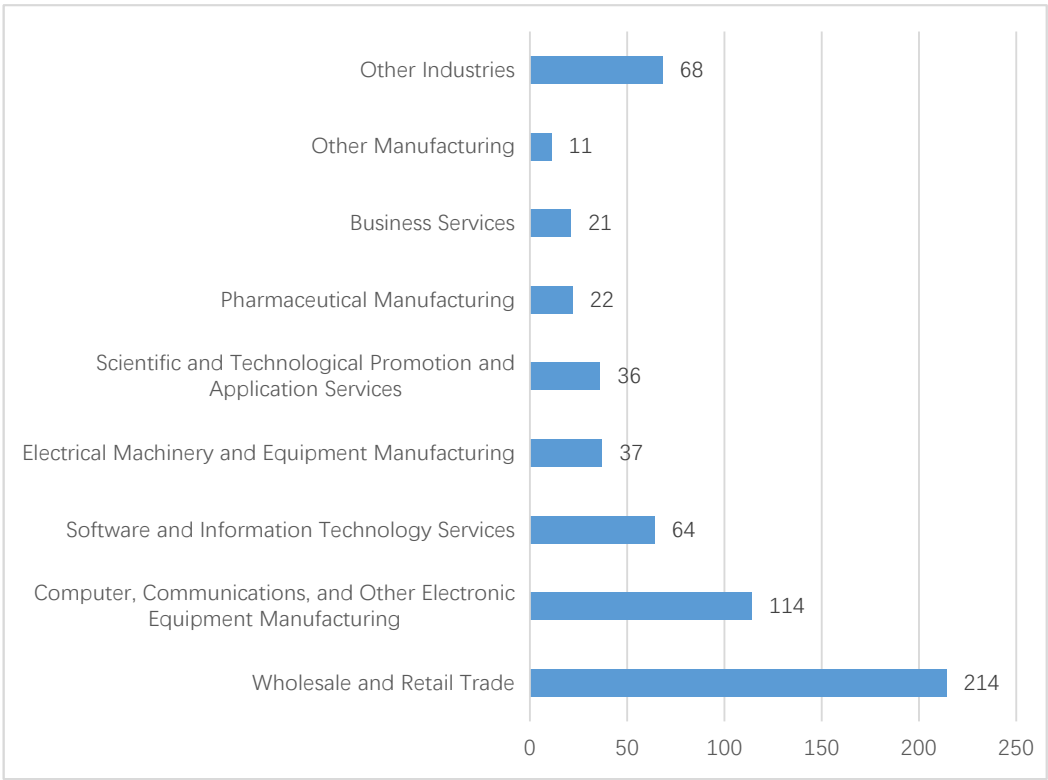


Figure 2-4: Industry Distribution of Chinese Enterprise Defendants in Patent Litigation

Closed Cases Overview

In 2024, 509 patent cases were closed, involving a total of 2,821 instances of Chinese enterprises, an increase of 26.50% compared to the number of Chinese enterprise instances involved in 2023.

In 2024, a total of 509 patent cases involving Chinese enterprises were closed in the U.S. These closures impacted 2,821 instances of Chinese company, a 26.5% increase from the prior year.

Types of Case Closure

Of the 14 types of case closure, settlement was by far the most common outcome. This resolution accounted for 339 cases—a decisive 66.6% of all patent case closures. After settlement, the next most common outcomes were procedural or one-sided, which are listed in the table below.

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Table 2-3: Patent Litigation Case Closure Types

No.	Types of Case Closure	Number of Cases
1	Likely Settlement	339
2	Plaintiff Win: Default Judgment	94
3	Procedural: Dismissal	15
4	Plaintiff Win: Consent Judgment	13
5	Procedural: Consolidation	12
6	Procedural: Stay	10
7	Plaintiff Win: Trial	5
8	Procedural: Inter-district Transfer	5
9	Defendant Win: Default Judgment	4
10	Defendant Win: Judgment on the Pleadings	4
11	Procedural: Contested Dismissal	3
12	Procedural: Multidistrict Litigation	2
13	Defendant Win: Judgment as a Matter of Law	1
14	Defendant Win: Trial	1

The High Cost of Losing: Analyzing Damage Awards

While most cases settle, the financial risk for those that proceed to a judgment can be substantial.

In 2024, 42 patent cases concluded with a formal damages award. The total amount awarded across these cases was US\$117.75 million, with the average award being US\$2.8 million per case.

Of these 42 cases with damage awards:

- Chinese enterprises were the defendant ordered to pay damages in 21 cases.
- They were the plaintiff winning damages in 2 cases.
- The remaining 19 cases involved disputes between Chinese parties, where the U.S. court system was used to adjudicate the conflict and award damages.

(Data Source: "2024 Survey Report on Chinese Enterprises' International Intellectual Property Disputes")