

PATENTS

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A practical cross-border insight into patents law

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Dror Levy

Group Consulting Editor

Alan Falach

Group Publisher

Richard Firth

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Global Legal Group Ltd.
59 Tanner Street
London SE1 3PL, UK
Tel: +44 20 7367 0720
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Taiwan



J. K. Lin



H. G. Chen

TIPLO Attorneys-at-Law

1 Patent Enforcement

1.1 Before what tribunals can a patent be enforced against an infringer? Is there a choice between tribunals and what would influence a claimant's choice?

The Intellectual Property (“IP”) Court, established in 1 July 2008, is a specialist court intended exclusively for IP-related cases all over Taiwan and has jurisdiction over all patent infringement actions in Taiwan. Generally, there is no choice between tribunals unless the parties to a patent infringement action otherwise agree to the jurisdiction of the court other than the IP Court. Besides, the judges of the IP Court have more expertise and knowledge specifically regarding intellectual property than those of other district courts, and thus, as a matter of fact, there is no reason for a claimant to choose other tribunals.

1.2 What has to be done to commence proceedings, what court fees have to be paid and how long does it generally take for proceedings to reach trial from commencement?

For initiating a civil lawsuit, the plaintiff (claimant) should submit a civil complaint along with: (1) patent certificate and specification; (2) suspected infringing item(s) and document/proof of purchase of the suspected infringing item(s) (such as receipt and/or invoice); and (3) infringement analysis.

Court fees must be paid in an amount equivalent to 1% of the value of claim. It generally takes around three to four months for proceedings to reach trial (the first hearing) from commencement.

1.3 Can a party be compelled to disclose relevant documents or materials to its adversary either before or after commencing proceedings, and if so, how?

A party can be compelled to disclose relevant documents or materials before commencing proceedings, provided that the other party files a motion for evidence perpetuation with the court and the court grants that motion. The movant party must make a preliminary showing that the suspected infringing item(s) is infringing, and also that the evidence to be preserved is in danger of extinguishing or being destroyed, or preservation is necessary for its *status quo*.

After commencing the proceedings, a party in a civil action may move the court to order the opposing party to produce documentary

evidence in the opposing party's possession. The motion must specify the relationship between such documentary evidence and the disputed fact to be proved, as well as the legal ground for the opposing party's duty to produce such documents or materials. Under the Code of Civil Procedure, a party has the duty to disclose: (i) documents that such party has made reference to in the course of the proceedings; (ii) documents which the other party may require the delivery or inspection of pursuant to applicable laws; (iii) documents which were made for the interest of the other party; (iv) commercial accounting books; and (v) documents which were made in respect of matters relating to the action (the party may refuse to produce such documents on the ground of privacy or trade secrets). Where a party to a patent infringement action fails to produce relevant documents in accordance with a court order without justifiable reasons, the court may, at its discretion: (i) take the opposing party's allegation with regard to such documents to be true; (ii) impose a fine of up to TWD 30,000 (GBP 600); and/or (iii) force production of such documents by an order of enforcement.

1.4 What are the steps each party must take pre-trial? Is any technical evidence produced, and if so, how?

Before the trial stage begins, the court would request the defendant to submit an answer in response to the claims set forth in the plaintiff's complaint (for example, non-infringement analysis should be produced for defending against the claim of patent infringement, and/or prior arts information and comparison for challenging the validity of the patent in dispute), and further request the plaintiff to present a written statement for disputed issues based on the defendant's answer, so as to compile and list the disputed and undisputed issues of the patent infringement action.

A copy of each party's written statements will be served on the adversary, and the court will generally allow appropriate time (usually four weeks) for the adversary to prepare their response. Where invalidity is in issue, the court may exercise discretion to order the Taiwan Intellectual Property Office (Taiwan Patent Office, TIPO) to intervene in the action to provide their technical opinion, although in practice, the court rarely does this. With regard to the issue of infringement, it is also possible for the parties to request that the court designate an experienced organisation or specialist to conduct an assessment of whether the claims are infringed as contended, which, however, is not a mandatory pre-trial procedure; either party may file a motion seeking such assessment at any time during the court's trial proceedings.

1.5 How are arguments and evidence presented at the trial? Can a party change its pleaded arguments before and/or at trial?

Pursuant to Article 255 of the Taiwan Code of Civil Procedure, after the service of the complaint, the plaintiff may not amend his/her claim or raise additional claims, except in cases where: (i) the defendant agrees; (ii) the amendment or addition of the claim is based on the same transaction or occurrence; (iii) only the demand for judgment for the relief sought is expanded or reduced; (iv) a change of circumstances makes it necessary to replace the original claim with another claim; (v) the claim shall be adjudicated jointly when those who are not parties are joined as parties; (vi) the existence or non-existence of a certain legal relation, based upon which relation the case shall be decided, becomes disputed in the course of the proceeding and an additional claim for a declaratory judgment confirming such legal relation against the defendant is raised; and (vii) it would neither severely obstruct the defendant's defence nor delay litigation. Where the defendant proceeds orally on the merits without objecting to the amendment or addition of claims, he/she shall be deemed to have agreed to such amendment or addition.

It should also be noted that supplementing or rectifying factual or legal statements without changing the claim shall not be deemed an amendment or addition of claims (§256 of the Taiwan Code of Civil Procedure).

1.6 How long does the trial generally last and how long is it before a judgment is made available?

The trial typically consists of more than one day and may span up to four months. A written judgment is generally handed down by the judge two weeks after the trial is closed, a copy of which will be served to the parties about 10 days later.

1.7 Are there specialist judges or hearing officers, and if so, do they have a technical background?

The judges in the IP Court are all specialist judges with expertise in trying IP cases; some of the judges have a technical background. The Technical Examination Officers, who act as technical assistants to the judges, are mostly senior examiners of the TIPO and all of them have technical backgrounds, as well as experience in patent examination and assessment.

1.8 What interest must a party have to bring (i) infringement, (ii) revocation, and (iii) declaratory proceedings?

- (i) The plaintiff must be the owner of the patent, or an exclusive licensee.
- (ii) The claimant need not have any interest, except when the purported ground of revocation is (a) the patent application was not properly filed by all joint owners, or (b) the patent was issued to someone not legally entitled to file for the patent; only an "interested party" (e.g. a party who claims to be the legitimate applicant) can bring revocation proceedings.
- (iii) An action for a declaratory judgment confirming a legal relation may only be initiated by a party who has made a showing that he has immediate legal interest in seeking such a declaration. For example, a party who shows he is aggrieved by allegations of patent infringement or threats of infringement proceedings may bring an action for a

declaration that the defendant's claim for infringement does not exist.

1.9 If declarations are available, can they address (i) non-infringement, and/or (ii) claim coverage over a technical standard or hypothetical activity?

- (i) Declarations are available to address non-infringement, provided that the party seeking the declaratory relief has the interest indicated in question 1.8 (iii) above.
- (ii) In general, declaratory proceedings can only be initiated in respect of a disputed "legal relation" or "existence or non-existence of facts from which a legal relation arises". The court is unlikely to entertain declaratory proceedings to address claim coverage over a technical standard or hypothetical activity, as the declaration sought here is not considered to be a "legal relation" or "fact from which a legal relation arises".

1.10 Can a party be liable for infringement as a secondary (as opposed to primary) infringer? Can a party infringe by supplying part of, but not all of, the infringing product or process?

The Taiwan Patent Act does not expressly provide for liabilities of a secondary infringer. Therefore, no legal basis is available for claiming secondary infringement under the Patent Act. However, patent owners have attempted to rely on Article 185 of the Civil Code (joint liabilities for "instigators and accomplices" of a tort) to seek relief against secondary infringers, with success to a certain extent. For example, a person who supplies the essential parts of an infringing product (but not all of it) to the primary infringer with knowledge that they are to be used for the infringement, or a person who induces or instructs the primary infringer to engage in the act of infringement may be held jointly liable for infringement.

1.11 Can a party be liable for infringement of a process patent by importing the product when the process is carried on outside the jurisdiction?

Under Article 58(2) of the Patent Act, unless otherwise provided for in the Act, the patentee of a patented process shall have the exclusive right to preclude others from using such process and using, selling or importing for the above purposes the products made through direct use of the said process without his/her prior consent. Accordingly, a party can be liable for infringement of a process patent by importing the product, even though the process is carried on outside the jurisdiction.

1.12 Does the scope of protection of a patent claim extend to non-literal equivalents?

Yes. In practice, the Taiwan Court applies the "doctrine of equivalents" (the function/way/result rule) to extend protection to non-literal equivalents, provided that the accused product or process must contain corresponding elements identical or equivalent to each claimed element of the patent under the "all-elements rule".

1.13 Can a defence of patent invalidity be raised, and if so, how? Are there restrictions on such a defence e.g. where there is a pending opposition?

Yes, this is raised typically as part of the defendant's answer or other preparatory briefs, along with copies of documents supporting the

grounds of invalidity. Absent exceptional circumstances, invalidity should be raised only during pre-trial (preparatory) stages.

1.14 Other than lack of novelty and inventive step, what are the grounds for invalidity of a patent?

The principal grounds are:

- (i) lack of industrial applicability;
- (ii) insufficiency of disclosure in the written description (lack of enablement);
- (iii) the scope of claims is not supported by the description and drawings;
- (iv) pre-grant amendments which exceeded the scope of specification, claims or drawings originally filed;
- (v) where the patent application right was jointly owned, the application was not filed by all joint owners;
- (vi) the patent was granted to someone not entitled to file for the patent; and
- (vii) the home country of the patentee does not accept patent applications filed by Taiwan nationals.

1.15 Are infringement proceedings stayed pending resolution of validity in another court or the Patent Office?

No. Article 16 of Taiwan's Intellectual Property Case Adjudication Act requires that the IP Court may not suspend or stay the proceedings pending resolution of validity in the TIPO or the Administrative Court.

1.16 What other grounds of defence can be raised in addition to non-infringement or invalidity?

In addition to non-infringement or invalidity defence, the infringer may raise the following defences: (i) no damages should be awarded due to the patent owner's non-compliance with patent marking requirements; (ii) no damages should be awarded because the defendant lacks the subjective intention or negligence on which an award of damages must be based; (iii) the patent was exhausted; (iv) the plaintiff was an exclusive licensee who did not register the licence with the TIPO; and (v) the plaintiff's claim was time-barred (see question 1.21 below).

1.17 Are (i) preliminary, and (ii) final injunctions available, and if so, on what basis in each case? Is there a requirement for a bond?

Both preliminary and final injunctions are available.

- (i) A preliminary injunction (known as an "injunction maintaining the temporary *status quo*") is granted if the claimant can show that an injunction is necessary to prevent material harm or imminent danger or other similar circumstances exist. The factors generally considered by the court to determine whether a preliminary injunction is warranted include: (a) the likelihood of success on the merits of the case (both invalidity and infringement would be considered); (b) whether the claimant would suffer irreparable harm absent an injunction; (c) the balance of interests between both parties; and (d) the impact on the public interest (particularly in pharmaceutical cases). Generally, a preliminary injunction will be enforced after and only after the claimant has provided a security bond as ordered. Also, the court will grant the motion upon

the respondent's (defendant's) providing the court-assessed countersecurity, by which the respondent (defendant) will be exempt from the preliminary injunction.

- (ii) Final injunctions are typically granted if the claimant is successful at trial in establishing that (a) the patent is infringed and not invalid, and (b) the defendant is currently engaging in infringing activities or is likely to engage in infringing activities in the future. A final injunction should be enforced after and only after a judgment has been rendered and become final with binding effect and the patentee will not have to furnish a security bond.

1.18 On what basis are damages or an account of profits assessed?

Under Article 97 of the Patent Act, the plaintiff has three options to choose from as the basis for assessing the quantum of damages:

- (i) the method provided in Article 216 of the Civil Code; the patentee may claim damages based on the amount of the balance derived by subtracting the profit earned through exploiting the patent after infringement from the profit normally expected through exploiting the same patent, if no method of proof can be produced to prove the damage suffered;
- (ii) the profit earned by the infringer as a result of patent infringement; and
- (iii) the equivalent amount of royalty that may be collected from exploiting the invention patent under licensing.

Also, under Paragraph 2 of Article 97 of the Patent Act, where the infringement is found to be intentionally committed, the court may, upon request and on the basis of the severity of the infringement, award the damages greater than the loss suffered but not exceeding three times of the proven loss.

1.19 What other form of relief can be obtained for patent infringement? Would the tribunal consider granting cross-border relief?

Upon the plaintiff's request, the court may order the destruction of infringing goods, raw materials and equipments used for infringing activities or other necessary disposals. Cross-border relief is not available because the Taiwan Patent Act does not contain any provisions regarding cross-border relief, and patent right is subject to the territoriality principle.

1.20 How common is settlement of infringement proceedings prior to trial?

According to our experience, settlement of infringement proceedings prior to trial is not common. Settlement may be reached when the judge renders his/her opinions regarding the claim construction or an interim judgment. However, according to Taiwan Judicial Yuan's statistics, the rate of settlement in civil cases in the first instance of IP Court is only 11.8% (approximately).

1.21 After what period is a claim for patent infringement time-barred?

The claim to seek damages for patent infringement is time-barred after a two-year period from when the patent owner becomes aware of the infringement and the infringer, or a 10-year period from the time the infringement takes place, whichever expires earlier.

1.22 Is there a right of appeal from a first instance judgment, and if so, is it a right to contest all aspects of the judgment?

Yes, the losing party (if the party lost the case in whole or in part) may appeal against the judgment unfavourable to it. While it is generally considered a liberal right to contest all aspects of the judgment, the Court of Appeal will not allow a party to present a new contention or defence, unless it can be shown that the new contention or defence is based on facts that occur after the first instance judgment is handed down or could not have been presented in the first instance due to reasons not imputable to that party.

1.23 What are the typical costs of proceedings to first instance judgment on (i) infringement, and (ii) validity? How much of such costs are recoverable from the losing party?

Costs are incurred mostly from court fees and attorney fees. A court fee is the money that the plaintiff must pay to the court when bringing an action. Court fees are part of ‘litigation expenses’, which can ultimately be recovered from the losing party. The amount of the court fee is approximately 1% of the value of claim which is to be assessed at the discretion of the court. The level of attorney fees varies depending on how complicated the case is and whether invalidity is raised. The average attorney fees through to a first instance decision for an infringement action where invalidity is not in issue are in the range from TWD 500,000 to TWD 750,000 (GBP 10,000 to GBP 15,000); where invalidity is raised (which is the typical case), the fees range from TWD 1 million to TWD 1.5 million (GBP 20,000 to GBP 30,000). Attorney fees for the first and second instance are to be borne by each party themselves; they are not recoverable from the losing party.

1.24 For jurisdictions within the European Union: What steps are being taken in your jurisdiction towards ratifying the Agreement on a Unified Patent Court, implementing the Unitary Patent Regulation (EU Regulation No. 1257/2012) and preparing for the unitary patent package? For jurisdictions outside of the European Union: Are there any mutual recognition of judgments arrangements relating to patents, whether formal or informal, that apply in your jurisdiction?

Taiwan has not concluded with any other country any agreement on mutual recognition of judgment in relation to patent right. Even so, any foreign national/entity may request from a Taiwan court the recognition of a final foreign judgment to seek compulsory execution in Taiwan. However, a Taiwan court will not recognise a foreign judgment in the following circumstances where (1) a foreign court lacks the jurisdiction in accordance with the laws of Taiwan, (2) a default judgment is rendered against the losing defendant, except in the case where the notice or summons of the initiation of action have been legally served in a reasonable time in the foreign country or have been served through judicial assistance provided under Taiwan’s laws, (3) the content of the foreign judgment or the proceeding of the relevant patent lawsuit is contrary to the public order or good morals of Taiwan, and (4) no mutual recognition is conducted by and between Taiwan and the relevant foreign country. The mutual recognition refers to judgment recognition, instead of recognition of state. Generally, the Taiwan Court recognises a

foreign judgment rendered by a foreign court, unless the said foreign court does not expressly refuse to recognise a Taiwan judgment.

2 Patent Amendment

2.1 Can a patent be amended *ex parte* after grant, and if so, how?

Yes, by filing an application for amendment to the TIPO (answers to questions 2.1 through to 2.3 discuss only post-grant amendments). Upon approval, the amendment will be published by the TIPO in the Patent Gazette. The amendment will have retroactive effect backdated to the filing date of the patent.

2.2 Can a patent be amended in *inter partes* revocation/invalidity proceedings?

Yes. *Inter partes* revocation proceedings are filed to the TIPO, in which the patent owner may propose an amendment or the TIPO may, at its discretion, instruct the patent owner to make the appropriate amendment. The TIPO must notify the party seeking revocation of the proposed amendment.

2.3 Are there any constraints upon the amendments that may be made?

In terms of post-grant amendments, the amendments can only be made in accordance with one of the following:

- (i) to delete claims;
- (ii) to narrow down the scope of claims;
- (iii) to correct erroneous descriptions or erroneous translation; and
- (iv) to clarify ambiguous descriptions.

Furthermore, the amendments must not “exceed the scope of disclosure made in the Chinese specification, claims or drawings originally filed” or “substantially expand or alter the scope of claims” in any event except for the correction on erroneous translation.

As to the correction of erroneous translation, it cannot exceed the scope of disclosure of the foreign-language specification originally submitted.

3 Licensing

3.1 Are there any laws which limit the terms upon which parties may agree a patent licence?

Yes, restrictive terms of a patent licence which result in anticompetitive effects are prohibited under the Fair Trade Act and the Fair Trade Commission Guidelines on Technology Licensing Arrangements. The following are some of the examples listed under Article 6 of the said Guidelines as potential violations of the Fair Trade Act to the extent that they lessen competition or impede fair competition in the relevant market: (i) restrictive arrangements with respect to marketing methods, scope of use or trading counterparts, in order to achieve the goal of market segmentation; (ii) requirements that the licensee purchase, accept, or use other patents not needed by the licensee; (iii) requirements that the licensee exclusively grant back any improvements to the licensed patent; (iv) price-fixing; (v) restrictions on the licensee’s ability to challenge the validity of the licensed patent; and (vi) limitations on output.

3.2 Can a patent be the subject of a compulsory licence, and if so, how are the terms settled and how common is this type of licence?

Yes, an invention patent (but not utility model and design patents) can be the subject of a compulsory licence. Under Article 87 of the Patent Act, the TIPO may grant a compulsory licence to an applicant on one of the following grounds: (i) in order to cope with national emergencies; (ii) to make non-profit use of a patent for enhancement of public welfare; (iii) if the applicant has failed to reach a licensing agreement with the patentee after making commercially reasonable offers to the patentee; or (iv) if a judgment or Fair Trade Commission decision confirmed that the patentee has engaged in anticompetitive conduct with respect to exercise of its patent rights. The grantee of a compulsory licence should pay to the patentee “appropriate compensation”, which is to be determined by the TIPO in the event that the parties fail to settle the amount. Compulsory licences are not so common in Taiwan; it is our understanding that only two compulsory licences have been granted by the TIPO to date.

4 Patent Term Extension

4.1 Can the term of a patent be extended, and if so, (i) on what grounds, and (ii) for how long?

According to Article 50 of the Patent Act §53 (which came into force on January 1, 2013), for an invention patent directed to a pharmaceutical or agrichemical(s), or the manufacturing process thereof, of which the exploit needs to obtain a regulatory approval pursuant to other acts or regulations (e.g. marketing authorisation required under the Pharmaceutical Affairs Act), if the regulatory approval is obtained after the publication of the concerned invention patent, the patentee may apply for one and only one extension of the patent term of said invention patent based on the first regulatory approval. Said regulatory approval is only allowed to be used once for seeking patent term extension. Also, the term “pharmaceutical” set forth in the provision does not include any veterinary drug.

It should be noted that the extension of the patent term approved shall not exceed the length of time when the patent cannot be exploited because of the absence of the regulatory approval concerned from the central government authorities in charge of the business. If the time needed to obtain said regulatory approval exceeds five years, the granted patent term extension shall be five years.

5 Patent Prosecution and Opposition

5.1 Are all types of subject matter patentable, and if not, what types are excluded?

Article 24 of the Patent Act stipulates that an invention patent shall not be granted in respect of any of the following: (1) animals, plants, and essential biological processes for the production of animals or plants, except processes for producing microorganisms; (2) diagnostic, therapeutic and surgical methods for the treatment of humans or animals; and (3) inventions contrary to public order or morality.

5.2 Is there a duty to the Patent Office to disclose prejudicial prior disclosures or documents? If so, what are the consequences of failure to comply with the duty?

No. Although the Enforcement Rules of the Patent Act provide that applicants “may submit prior art materials related to the claimed invention”, they do not have a duty to disclose prejudicial prior disclosures or documents.

5.3 May the grant of a patent by the Patent Office be opposed by a third party, and if so, when can this be done?

No. A challenge of the grant of a patent by a third party can only be achieved through revocation proceedings brought at the TIPO.

5.4 Is there a right of appeal from a decision of the Patent Office, and if so, to whom?

Yes, decisions of the TIPO can be appealed to the Appeal Board of the Ministry of Economic Affairs on the grounds that the decision is illegal and/or inappropriate; decisions of the Appeal Board can be further appealed to the IP Court on the grounds that the decision is illegal.

5.5 How are disputes over entitlement to priority and ownership of the invention resolved?

Issues as to entitlement to priority are generally determined by the TIPO during prosecution of the patent application. The applicant may appeal the TIPO’s decision to the Appeal Board of the Ministry of Economic Affairs. Disputes over ownership (e.g. as between joint inventors, employer and employee or non-related parties) can be brought before the TIPO during revocation proceedings, but as the TIPO tends to advise the parties to seek resolution of the dispute through a civil action where the rules of evidence-taking can better facilitate examination and determination of contested facts, the claimant currently often seeks civil action directly to resolve the ownership issues by requesting the court to order that the patent in issue be transferred to the claimant.

5.6 Is there a “grace period” in your jurisdiction, and if so, how long is it?

Yes, there is a “grace period” in Taiwan, and it is six months from the date of the occurrence of the events (Paragraph 3 of Article 22 of the Patent Act).

5.7 What is the term of a patent?

The term of a patent is as follows: for invention patents, 20 years from filing; for utility model patents, 10 years from filing; and for design patents, 12 years from filing.

6 Border Control Measures

6.1 Is there any mechanism for seizing or preventing the importation of infringing products, and if so, how quickly are such measures resolved?

In addition to preliminary injunction, a patent owner may act upon the newly-added provisions of Article 97-1 to Article 97-4 (this took effect on March 24, 2014) to file a request in writing with the customs for detention of suspected infringing goods when he/she has a suspicion of infringement, provided that the patent owner shall present the facts of infringement and provide a cash deposit or security equivalent to the duty-paid price of the potentially infringing goods as assessed by the customs. However, the owner of the detained goods may also provide a counter security in an amount equivalent to two times the amount provided by the patent owner to have the granted request repealed. In addition, should the patent owner fail to commence an action within 12 days upon receipt of the customs' notice and notify the customs of his/her initiation of the action, the customs will repeal the detention. Further, where court determines and establishes the infringement by a final judgment, the owner of the detained goods shall bear the cost arising from demurrage, warehousing, loading, and unloading the detained goods. On the contrary, the patent owner shall be liable for the damages caused by the detention request to the owner of detained goods if the court clears the alleged infringement by a final judgment.

7 Antitrust Law and Inequitable Conduct

7.1 Can antitrust law be deployed to prevent relief for patent infringement being granted?

While antitrust law may impose penalties (fines and/or even criminal charges) on patent owners who abuse their patent rights with anticompetitive consequences, the general view is that it cannot be deployed to render a patent invalid or unenforceable. There has never been a case where a defendant successfully relied on antitrust law to prevent relief for patent infringement being granted.

7.2 What limitations are put on patent licensing due to antitrust law?

See question 3.1 above.

8 Current Developments

8.1 What have been the significant developments in relation to patents in the last year?

In response to the Patent Act, Enforcement Rules of Patent Act, and the Patent Examination Guidelines amended in 2013, Taiwan IPO also issued the amended Key Points of Infringement Analysis in February 2016 (hereinafter, the "2016 Key Points") to be taken as reference by infringement assessment organisation. Here are the summarised significant amendments to the 2016 Key Points that will cause significant influence on patentees:

(i) Invention and model utility patents

- (1) Claims construction: New ways of claim construction included in the 2016 Key Points:

- a. **"Use" of product-by-use claims:** Use of product-by-use claims is now determined in terms of substantive aspects thereof to test if the use feature is to affect or change the article patent claimed. If the recited use feature implies that the article patent claimed has certain special structure and/or composition to which the use specified is applicable, the recited use feature will operate to limit the construction of the claims.
- b. **"Process" of product-by-process claims:** Generally, the recited process will operate to limit the construction of the claims of the article patent claimed. The exceptional situation is that process will not operate to limit the construction of the claims when and only when the article patent claimed cannot or is not easy to be defined by the technical features other than the process specified at the time of filing. Besides, where a patentee intends to claim the aforesaid exceptional situation, he/she will have to prove that the article patent claimed cannot or is not easy to be defined by the technical features other than the process specified at the time of filing and that the alleged infringing article is identical to the article patent claimed.
- c. **Claims that include whereby clauses:** Under the circumstance that a whereby clause is material to the patentability of an article patent claimed, it will operate to limit the construction of claims. On the contrary, this clause will not operate to limit the construction of claims when it is simply to state the intended function or result.
- d. **The "product obtained directly" by the process claim:** In the 2016 Key Points, the basis of "whether there is any substantive change caused" is taken for determination. Therefore, the "product obtained directly by that process" as described in the second Subparagraph, the third Paragraph of Article 58 of the Taiwan Patent Act refers to the very first product obtained by practising the process of the patent claimed. Further, if the subsequent product does not have substantive changes, it is also the product obtained directly by that process specified. On the contrary, if the subsequent product has substantive changes, it is "not the product obtained directly by that process specified".
- e. **Claims for utility model patents that include non-structural features:** The non-structural features of the claims of utility model patent, such as use thereof, do not necessarily operate to limit the construction of claims (determined in terms of substantive aspects as the same with the determination for invention patents; if the use feature is to affect or change the product of the utility model patent, it operates to limit the construction of claims). Process and/or material features will operate to limit the construction of claims.

(2) Comparison and determination of patent infringement:

- a. **"Reverse doctrine of equivalents" is removed:** Under the past regime, "reverse doctrine of equivalents" served as a defensive basis against literal infringement allegation. In view of the difficulties in practice for making determination and operation that would cause disturbance to the court, the said doctrine is removed accordingly.
- b. **Limitations on doctrine of equivalents:** In the 2016 Key Points, the limitations on doctrine of equivalents are clearly specified as "all element rules", "prosecution history estoppels", "prior art defence", and "dedication rule". Also, "application of doctrine of equivalents" and "limitations on doctrine of equivalents" which were prioritised, now are adopted for an overall consideration and determination.

- c. **Conditions for application of prosecution history estoppels:** Under the 2016 Key Points, the issue of whether amendment, correction, or response will “narrow down patent claims” serves as the condition to test the applicability of “prosecution history estoppels”.

(ii) **Design patents**

- (1) Under the 2016 Key Points, the determining basis, “point of novelty test”, is removed. The design as a whole is taken into consideration instead. The issue of “existence/non existence of identity/similarity in appearance” should be determined in terms of the overall appearance and also by “three-way visual comparison”.
- (2) “Ordinary consumers” are still the principal factor to determine whether the alleged infringing product is identical or similar to the design in dispute. The relevant definition of “ordinary consumers” under the 2016 Key Points is revised as “people who are reasonably familiar with the patented article in dispute and the prior arts thereof” but are not experts or professional designers familiar with the scope of the article involved or marketing thereof.
- (3) In the 2016 Key Points, “construction” of claims is revised as “confirmation” of claims, so as to stress that design patents should be subject to their drawings and it is not necessary to turn drawings into detailed literal descriptions.
- (4) In regard to partial design, graphic images design, set of article design, and generative design, it is added that the method of “claimed portion” and “unclaimed portion” in the drawings are adopted in determining the “confirming patent claims” and “confirming identity/similarity of appearance”.

8.2 Are there any significant developments expected in the next year?

Taiwan is now aggressively seeking to join the Trans-Pacific Partnership (“TPP”). To meet the requirements for IP rights protection under TPP, Taiwan IPO has sorted out and compiled the discrepancy and difference between the current Patent Act and TPP requirements, and has also proposed an amendment of the Patent Act. The amendments are summarised as follows.

- (i) Novelty grace period is extended from six (6) months before filing date to twelve (12) months before filing date. Reasons for laying-open have been relaxed without requiring that specific types of laying open of his/her invention(s), as long as the laying-open is out of the applicant’s intention or action.
- (ii) Patent term adjustment for Taiwan IPO’s unreasonable granting delay: Where there are unreasonable delays in issuance of invention patents, which unreasonable delays include a delay in the issuance of a patent for more than five (5) years from the date of filing or three (3) years after a request for substantive examination of the application has been made (whichever is later), the patent term shall be adjusted to compensate for such delays.
- (iii) New provisions regarding patent linkage system will be incorporated into the Taiwan Pharmaceutical Affairs Act to

link patent rights and market approval for generic drugs. Under the patent linkage system, any third person who cites the information with respect to any approved drugs for applying market approval for generic drugs should give a notice to the related patentee(s). In response to such future amendment to the Pharmaceutical Affairs Act, the Patent Act will also be amended to introduce new provisions that the patentee may seek infringement removal or prevention after receipt of the above-mentioned notice, and that the said third person may initiate an action for confirming whether the drug product proposed for testing and registration infringes upon the patent in dispute if the patentee fails to initiate an action against the said third person within a designated period of time. This is to clarify and solve possible disputes over patent infringement.

8.3 Are there any general practice or enforcement trends that have become apparent in your jurisdiction over the last year or so?

- (i) From March 9, 2016, the term that a patent applicant may request for postponing the publication of his/her patent is extended from three (3) months to six (6) months (Article 86 of Taiwan Patent Act). This extended term of postponement provides the applicant with a more flexible basis to adjust the timing of patent publication to satisfy the industrial and strategy requirements (Article 86 of the Enforcement Rules of Patent Act).
- (ii) There are two significant reformed practices in regard to deposit of biological materials:
 - (1) Before implementation of the Taiwan-Japan “Cooperative Program on Mutual Recognition of Deposit of Biological Materials for the Purpose of Patent Procedure”, a patent applicant may withdraw his/her deposit during the period before the examination decision on his/her application is issued. Under this Program, the applicant may withdraw the deposit during a shorter period “before the depository institute completes viability test and issues certificate of deposit”.
 - (2) Taiwan-Japan “Cooperative Program on Mutual Recognition of Deposit of Biological Materials for the Purpose of Patent Procedure” has been officially launched since June 18, 2015. With the implementation of this Program, applicants filing patents regarding biological materials with the Taiwan IPO or JPO will have to deposit biological materials only at a designated depository nearest to them in their respective home country. The JPO will recognise the deposit made at the designated depository of Taiwan (Food Industry Research and Development Institute (“FIRDI”)), and likewise, Taiwan IPO will recognise the deposit made at the designated depository of Japan (“NITE-IPOD” or “NPMD”). Besides, the deposits (1) that had been made in Taiwan or Japan before June 18, 2015, and (2) whose related patent filing dates are later than June 18, 2015, and (3) whose certificates of deposit are submitted within the specified time period, will be duly recognised under this Program, and applicants will not have to make duplicate deposits.

**J. K. Lin**

TIPLo Attorneys-at-Law
7th Floor, We Sheng Building
No. 125, Nanking East Road, Sec. 2
Taipei 104
Taiwan

Tel: +886 2 2507 2811
Email: tiplo@tiplo.com.tw
URL: www.tiplo.com.tw

Mr. J. K. Lin became the director of TIPLo in 1997, after TIPLo's founder Mr. M. S. Lin passed away. In his earlier tenure as the director of the firm, J. K. set out to further streamline the hierarchy of the staff and adopt an effective formula leading to significant quality improvement of TIPLo's patent, trademark and legal services that accommodates clients' intensifying need for IPR enforcement. J. K. also devotes his time to many occasions of public speaking targeted at global corporations and international societies addressing issues of IP concerns, unfair competition and others, and continues the footsteps of his late father in dedicating activities like that of the Judicial Reform Foundation, Taiwan International Law Society and Taiwan Human Right Committee, among many others, to *pro bono* NGOs. He is currently on the Board of Directors of the Asian Patent Attorneys Association ("APAA") Taiwan Group as the president.

**H. G. Chen**

TIPLo Attorneys-at-Law
7th Floor, We Sheng Building
No. 125, Nanking East Road, Sec. 2
Taipei 104
Taiwan

Tel: +886 2 2507 2811
Email: chg013@tiplo.com.tw
URL: www.tiplo.com.tw

Mr. H. G. Chen is the Chief of the Legal Department of TIPLo. He has been practising law in Taiwan for more than 30 years. H. G. has extensive experience in the fields of intellectual property, litigation, unfair competition, dispute resolution and general corporate matters. In the late 1980s, he demonstrated primordial litigious flair by successfully representing the client in a leading trade dress case in Taiwan before the enactment of the Taiwan Fair Trade Act. He has represented various global corporate clients from Japan, the United States and Europe in patent and trademark litigation, licensing and negotiation in Taiwan, and the illustrious record has won him the reputation as one of the most invincible lawyers in Taiwan. He served as the president of the Taipei Bar Association for the term of May 2005 to November 2006. He was the Director of Intellectual Property Committee of the Taipei Bar Association (1990–1993) and Taiwan Bar Association (1993–1995). He is now an executive member to the Board of Directors of the Asian Patent Attorneys Association ("APAA"), Taiwan Group, the executive director of the Taiwan Patent Attorneys Association, and the director of Legal Aid Foundation.



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TIPLo Attorneys-at-Law (also Taiwan International Patent & Law Office) was founded in 1965 by Mr. M. S. Lin and a group of professional legal and technical associates specialising in intellectual property rights. With over four decades of evolution, TIPLo is now one of the largest and most reliable intellectual property law firms in Taiwan with diversified expertise which encompasses IP as well as general legal services provided by a full-service law firm. TIPLo is currently staffed by over 240 full-time members, many of whom are multilingual professionals fluent in English, Chinese, Japanese, Taiwanese and other languages. TIPLo mainly consists of three departments, namely the Patent, Trademark and Legal Departments. Our patent engineers and attorneys have an average career length of more than 10 years with expertise and experience covering a wide range of technical fields, including electrical engineering, mechanical engineering, applied chemistry, biochemical engineering, biotechnology, pharmaceutical, semiconductor, computer technology and other emerging areas. TIPLo is a leading firm in patent and trademark prosecution, invalidation and opposition proceedings, and infringement assessment and validity appraisal. The proficiency of our Legal Department in IP enforcement, in particular infringement litigation and coordination of police raids, is also highly recognised by law enforcement institutes of all levels and the industries alike, reinforcing TIPLo as one of the most effective law firms representing the interests of its clients.