

**International
Comparative
Legal Guides**



Practical cross-border insights into patent law

Patents

2022

12th Edition

Contributing Editor:

**Katharine Stephens
Bird & Bird LLP**

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59 Tanner Street
London SE1 3PL
United Kingdom
+44 207 367 0720
info@glgroup.co.uk
www.iclg.com

Publisher

James Strode

Production Editor

Jane Simmons

Senior Editor

Sam Friend

Head of Production

Suzie Levy

Chief Media Officer

Fraser Allan

CEO

Jason Byles

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DENTONS ERIC SILWAMBA, JALASI AND LINYAMA LEGAL PRACTITIONERS: Joseph A. Jalasi, Jonathan Chileshe & Andrew Simunyola

Taiwan

TIPLO Attorneys-at-Law



J. K. Lin



H. G. Chen

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 on July 1, 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 a court other than the IP Court. Besides, the judges of the IP Court have more expertise and knowledge specifically regarding IP 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 Can the parties be required to undertake mediation before commencing court proceedings? Is mediation or arbitration a commonly used alternative to court proceedings?

Mediation prior to court proceedings is not legally required. Mediation or arbitration do not replace court proceedings as a commonly used alternative for solving patent infringement disputes.

1.3 Who is permitted to represent parties to a patent dispute in court?

In the first and second instances of a patent infringement action, the parties to the action may retain an attorney-at-law to act as their agent *ad litem*. A patent attorney may also act as an agent *ad litem* in a patent infringement action upon the judge's approval. In the third instance proceedings upon an appeal, the parties must be represented by an attorney-at-law as an agent *ad litem*.

1.4 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) a patent certificate and specification; (2) suspected infringing item(s) and documentation/proof of purchase of the suspected infringing item(s) (such as receipt and/or invoice); and (3) an infringement analysis.

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

1.5 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 to which such party has made reference in the course of the proceedings; (ii) documents of which the other party may require delivery or inspection pursuant to applicable laws; (iii) documents that were made for the interest of the other party; (iv) commercial accounting books; and (v) documents that 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 750); and/or (iii) force production of such documents by an order of enforcement.

1.6 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 will 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 an 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.

1.7 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).

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

Several hearings will be held in trial proceedings. The first hearing is generally held three to four months after the filing date of the complaint. Each hearing normally takes 30–60 minutes, and there is around one or two months between each hearing. The time span of the first instance proceedings, beginning from when a complaint is filed and until a judgment is rendered, is 12 to 16 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.

1.9 Is there any alternative shorter, flexible or streamlined procedure available? If so, what are the criteria for eligibility and what is the impact on procedure and overall timing to trial?

There is no alternative shorter, flexible or streamlined procedure available for patent infringement litigation.

1.10 Are judgments made available to the public? If not as a matter of course, can third parties request copies of the judgment?

All court judgments relating to IP are available on the search system provided by the Taiwan Judicial Yuan.

1.11 Are courts obliged to follow precedents from previous similar cases as a matter of binding or persuasive authority? Are decisions of any other jurisdictions of persuasive authority?

Legal opinions provided in the Taiwan Supreme Court's judgments on previous similar cases may be regarded as a strongly persuasive reference by lower courts for similar cases, but carry no legally binding effects. The Grand Chamber system of the Supreme Court was officially launched on July 4, 2019. A Supreme Court panel may request the Grand Chamber of the Supreme Court to unify legal opinions with an interim ruling when adjudicating a specific case. Grand Chamber rulings are legally binding to the case originally submitted to the ruling-requesting panel, but serve as strongly persuasive references for other panels of the Supreme Court and the lower courts. Judgments rendered by other courts may be taken as only one of the references for a decision.

1.12 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.

1.13 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 that (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 demonstrated that he has immediate legal interest in seeking such a declaration. For example, a party who shows that 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.

1.14 If declarations are available, can they (i) address 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 1.13(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".

1.15 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.

1.16 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.

1.17 Does the scope of protection of a patent claim extend to non-literal equivalents (a) in the context of challenges to validity, and (b) in relation to infringement?

Yes, in practice, the Taiwan court applies the “doctrine of equivalents” (the function/way/result rule) to extend protection to non-literal equivalents in relation to infringement, 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”. However, the doctrine of equivalents currently does not apply to the patent validity issue.

1.18 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? Are the issues of validity and infringement heard in the same proceedings or are they bifurcated?

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. The issues of validity and infringement will be heard in the same proceedings.

1.19 Is it a defence to infringement by equivalence that the equivalent would have lacked novelty or inventive step over the prior art at the priority date of the patent (the “Formstein defence”)?

Defence to an infringement allegation by equivalence includes prior art defence. In other words, if the accused infringing

product’s equivalent technical features are identical to one single prior art or forms a simple combination between the single prior art and the ordinary knowledge and skill in the art at the time of filing, prior art defence shall be applicable and the doctrine of equivalents, not applicable, and therefore, the accused product does not constitute an equivalent.

1.20 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.

1.21 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.

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

In addition to the 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 1.28 below).

1.23 (a) Are preliminary injunctions available on (i) an *ex parte* basis, or (ii) an *inter partes* basis? In each case, what is the basis on which they are granted and is there a requirement for a bond? Is it possible to file protective letters with the court to protect against *ex parte* injunctions? (b) Are final injunctions available? (c) Is a public interest defence available to prevent the grant of injunctions where the infringing patent is for a life-saving drug or medical device? (Please cross-refer to your answer to question 3.2 if compulsory licensing may be available in this scenario).

Both preliminary and final injunctions are available on an *inter partes* basis.

- (a) 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: (1) the likelihood of success on the merits of the case (both invalidity and infringement would be considered); (2) whether the claimant would suffer irreparable harm absent an injunction; (3) the balance of interests between both parties; and (4) 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 of the court-assessed countersecurity, by which the respondent (defendant) will be exempt from the preliminary injunction.

- (b) Final/permanent injunctions are typically granted if the claimant is successful at trial in establishing that (1) the patent is infringed and not invalid, and (2) the defendant is currently engaging in infringing activities or is likely to engage in infringing activities in the future. A final/permanent 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.
- (c) As indicated in above paragraph (a)(4), public interest is one of the factors the court will take into account when deciding to grant or not to grant a preliminary injunction. Hence, if the subject matter of a patent in dispute involves any pharmaceuticals that will cause significant impact on human health or treatment of diseases, the court would tend to not grant a preliminary injunction based on the following possible reasons, namely that the grant of a preliminary injunction sought will (1) cause relevant patients to have fewer medication options, or (2) increase the expenses of treatment and accordingly affect public interest. Besides, public interest is not a factor the court would take into consideration when weighing whether to grant or not grant a final injunction. Moreover, compulsory licensing involves administrative procedure and thus a motion for compulsory licensing should be filed with the Taiwan IPO. Therefore, unless the Taiwan IPO has granted compulsory licensing, the court cannot disapprove the grant of a permanent injunction on the ground of public interest (for example, there are causes eligible for compulsory licensing) in a patent infringement action.

1.24 Are damages or an account of profits assessed with the issues of infringement/validity or separately? On what basis are damages or an account of profits assessed? Are punitive damages available?

Generally, the judge will assess damages or an account of profits with issues of infringement/validity after he or she has sustained the validity of the asserted patents and the occurrence of infringement.

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, the patentee may claim punitive damages for the infringement intentionally committed. According to the said Article, 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 damages greater than the loss suffered but not exceeding three times the proven loss.

1.25 How are orders of the court enforced (whether they be for an injunction, an award of damages or for any other relief)?

Court judgments that order the infringer to cease infringement (enjoining the infringer from making and selling infringing products) should take effect after these judgments have become final. Where the infringer continues making/selling infringing products, the court enforcing the judgment will impose on the said infringer a penalty for his/her default in an amount of TWD 30,000–TWD 300,000. Further, if the said infringer still fails to fulfil what is ordered in the judgment, the said court will further impose an additional penalty for default or take the said infringer into custody. When necessary, the said court, upon the creditor's motion, may eliminate the consequences of the infringer's infringing act at the creditor's costs and expenses. In addition, if the infringer defaults again after completion of the execution against his/her failure in performing the order as mentioned above, the said court may repeat the execution upon the creditor's motion.

As for the court judgments that grant an award of damages against the infringer, the creditor may file a motion with the court for seeking compulsory execution of the infringer's property for satisfaction of the creditor's claim against the infringer.

1.26 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 equipment 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.

1.27 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 statistics, the rate of settlement in civil cases in the first instance of the IP Court is only 11.8% (approximately).

1.28 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.

1.29 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 has 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.

1.30 What effect does an appeal have on the award of: (i) an injunction; (ii) an enquiry as to damages or an account of profits; or (iii) an order that a patent be revoked?

- (i) For an order issued in a judgment that a defendant should cease infringement, if the defendant appeals against the judgment, the judgment will not be a final one, and in principle, should not be enforced compulsorily. However, the plaintiff (a patentee, for example) may file a motion for compulsory enforcement of the judgment by furnishing a security if the court has granted the motion for provisional execution of the judgment. On the contrary, the defendant is legally allowed to provide counter security to seek exemption of provisional execution.
- (ii) Generally speaking, the court decides on the disputed issues regarding patent validity, existence of infringement, and damages usually involved in a patent infringement case by one judgment. It is procedurally feasible, when necessary, for the court to first hand down an interlocutory judgment to sustain the validity of the patent in dispute and the existence of alleged infringement, and subsequently continue examining the damages issue to assess the amount of damages. After that, the court will render a final judgment after concluding all investigations. Please note that the defendant *is not allowed to appeal against the interlocutory judgment*.
- (iii) For a judgment against the plaintiff on the ground that the patent in dispute falls into any of the grounds of revocation, the effect of this judgment is confined to the case on which the judgment is rendered and the patentee shall not assert his/her right against the defendant, while in fact the patent in dispute still exists in effect to any other person except for the defendant of that case and has not been revoked yet.

1.31 Is an appeal by way of a review or a rehearing? Can new evidence be adduced on appeal?

For any case going into the second instance proceedings after appeal, continuative trial of the case commences to continue examination on the issues and materials gathered in the first instance proceedings based on the evidence admitted in the first instance proceedings and also the information supplemented for the appeal. In principle, the parties to the case are procedurally not allowed to adduce new evidence, unless:

- (1) the new evidence to be adduced is supplemental to the means of attack and defence made in the first instance proceedings;
- (2) the new evidence to be adduced was not presented in the first instance proceedings due to any cause not attributable to the parties; or

- (3) it will be obviously unfair if the new evidence is not permitted to be adduced.

Furthermore, any appeal taken to the court of third instance will be examined by judicial review in writing; that is, no hearing will be held and no new evidence is allowed to be adduced during the third instance proceedings.

1.32 How long does it usually take for an appeal to be heard?

It will take around six months for an appeal to be filed until the commencement of the first hearing held for the appellate proceedings. An appeal taken to court at its third instance will be reviewed in writing, and no hearing will be held.

1.33 How many levels of appeal are there? Is there a right to a second level of appeal? How often in practice is there a second level of appeal in patent cases?

Appeals in a patent infringement lawsuit may be taken to the Taiwan IP Court for the second instance proceedings and further to the Taiwan Supreme Court for the third instance proceedings. Moreover, the appeal in a patent infringement case may be brought to the Taiwan Supreme Court, provided that the interest involved in the appeal exceeds TWD 1.50 million and that the ground of the appeal is contravention of laws in the judgment rendered by the lower court. For example, the judgment does not provide reasons or provide contradictory reasons. In our experience, it is common for a patent infringement lawsuit to enter into third instance proceedings.

1.34 What are the typical costs of proceedings to a first instance judgment on: (i) infringement; and (ii) validity? How much of such costs are recoverable from the losing party? What are the typical costs of an appeal and are they recoverable?

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 the 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 an issue range from TWD 500,000–TWD 750,000 (GBP 12,500–GBP 18,750); where invalidity is raised (which is the typical case), the fees range from TWD 1 million–TWD 1.5 million (GBP 25,000–GBP 37,500). Attorney fees for the first and second instance are to be borne by each party themselves; they are not recoverable from the losing party.

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. (*NB*: the 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 dismiss 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 of 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 that 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 or 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 the 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 the said invention patent based on the first regulatory approval. The said regulatory approval is only allowed to be used once for seeking a 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 approved patent term shall not exceed the length of time during which 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 the 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. 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 at 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; it is 12 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.

5.8 Is double patenting allowed?

Double patenting is legally not allowed in Taiwan according to the Taiwan Patent Act as explicated in summary below:

- (1) As provided by Article 32 of the Taiwan Patent Act, where two or more patent applications are filed for the same invention, only the earliest application can be granted no matter whether the applications are filed on the same date or filed by the same person.
- (2) An applicant shall not acquire both an invention patent and a utility model patent for the same creation. As provided by Article 32 of the Taiwan Patent Act, for an applicant who files a patent application for invention and a patent application for a utility model for the same creation on the same date:
 - (a) he/she shall make respective declarations in respect of the said applications;
 - (b) if the patent application for a utility model has been granted before an approval decision on the patent application for invention is rendered, the Specific Patent Agency shall notify the applicant to make a selection within a specified time period. The patent application for invention shall not be granted if the applicant fails to make such declarations or selection within the specified time period; and

- (c) where the applicant selects the patent application for invention according to the provision set forth in the preceding paragraph, the utility model patent right shall become extinguished on the publication date of the invention patent.

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 Articles 97-1 to 97-4 to file a request in writing with 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 customs. However, the owner of the detained goods may also provide a countersecurity 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 customs of his/her initiation of the action, customs will repeal the detention. Further, where the 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.

7.3 In cases involving standard essential patents, are technical trials on patent validity and infringement heard separately from proceedings relating to the assessment of fair reasonable and non-discriminatory (FRAND) licences? Do courts set FRAND terms (or would they do so in principle)? Do courts grant FRAND injunctions, i.e. final injunctions against patent infringement unless and until defendants enter into a FRAND licence?

To date, the Taiwan IP Court has not rendered any judgments involving standard essential patents.

8 Current Developments

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

On January 14, 2021, the IP Court made public the first civil action involving a patent linkage system. This case is summarised as follows.

- (1) The plaintiff of this action is Merck Sharp & Dohme Corp. (hereinafter referred to as “MSD”) and the defendant, China Chemical & Pharmaceutical Co., Ltd. (hereinafter referred to as “CCPC”). The new drug in dispute is MSD’s Ezetrol 10 mg Tablets (hereinafter referred to as the “drug in dispute”).
- (2) In sum, the IP Court judgment reads that “CCPC should not make the generic drugs of the drug in dispute”.
- (3) The disputable issue of this civil action is that under the patent linkage system provided by the Pharmaceutical Affairs Act of Taiwan, applying for generic drug approval, if a generic drug approval applicant makes a declaration that the listed patent(s) corresponding to the granted new drug should be revoked or is not infringed by the generic drug for which the application is submitted, and notifies the relevant patentee in writing, the patentee of the granted new drug should initiate a civil action, if intended, to assert patent infringement within 45 days beginning from the date immediately following the patentee’s receipt of the notice with respect to the declaration from the generic drug approval applicant. However, the current Patent Act of Taiwan does not provide provisions specifically with respect to whether a patentee may act upon Article 96 of the Patent Act to file a lawsuit that involves the patent linkage.
- (4) IP Court’s holding: It is the fact that relevant provisions are currently absent in the Patent Act and, in this case, the generic drug approval applicant has not begun to make and sell the generic drug of the drug in dispute. However, as the generic drug approval applicant has submitted an application for grant of the approval, the patentee may still act upon Article 96 of the Patent Act to initiate a patent infringement action on the ground of “there being the likelihood of patent infringement”.

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

TIPO announced, on December 30, 2020, its upcoming proposed amendment of the Patent Act, which involves a total of 73 articles (including a revision of 33 articles, an addition of 30 and a removal of 10) and will be the largest in scale second only to the general amendment of 2011. Complete text of the amendment to be proposed is pending last-mile internal discussion and review in the Taiwan IPO. The Taiwan IPO has held public hearings and the relevant comments and opinions received from all sides will be delivered to the Ministry of Economic Affairs for authorisation and there onward to the Executive Yuan where it will be reviewed, validated and then proposed to the Legislative Yuan for deliberation, readings, and legislation and then come into force on the date determined by the Executive Yuan.

Here is a digest of the amendment to be proposed.

- (1) The re-examination system will be repealed as a whole. An adjudicative regime will be introduced with a Review and Dispute Deliberation Board (hereinafter referred to as the “R&DD Board”) to be established under the Taiwan

IPO with independent powers to examine and deliberate requests for the reviewing of grants/dismissals of patent applications and related disputes.

- (2) If the party seeking review of the dismissal of a patent application finds the decision made by the R&DD Board unjustifiable, instead of appealing the decision, it may elect to forthwith initiate civil action in the IP Court to litigate for remedies with the Supreme Court being the court of final appeal of the litigation.
- (3) Invalidation actions will be examined and decided on by the independent R&DD Board. The party seeking invalidation of a patent may forthwith initiate civil action in the IP Court to litigate for remedies if it finds the decision made by the R&DD Board unjustifiable. Also, the adversarial system of trial will be adopted for the proceeding of the action by reference to the relevant legal system adopted in Germany.
- (4) The time limit for the party seeking invalidation of a patent to present a new cause of action and/or introduce additional evidence or combination(s) of additional prior arts is explicitly prescribed: evidence introduced by the party seeking the invalidation will be deemed not introduced if it will prevent the closing of the review and deliberation of the invalidation action. Also, the court conducting the subsequent litigation shall strike all additional causes of action, additional evidence or combinations of additional prior arts asserted by the party seeking the invalidation during the proceeding of the litigation if they were not presented/introduced to the R&DD Board during the review and deliberation of the invalidation action.
- (5) An interim decision mechanism is introduced with respect to the proceeding of an invalidation action with the patentee seeking at the same time to amend the patent being challenged for the Taiwan IPO to, where necessary in its sole discretion, issue an interim decision to bar the patentee from seeking further amendment of the patent and the party seeking the invalidation from asserting additional cause of action, additional evidence or a combination of additional prior arts during the period from the date of the interim decision through to the conclusion of the examination.
- (6) The time limit for filing an application for division is explicitly prescribed: Currently, the application for division must be filed either before the request (if any) for the patent that the re-examination of the original application is decided on, or within three months after the service of the notice of grant or re-examination decision on the original application. Under the amendment to be proposed, no application for division will be allowed during the proceeding of review and deliberation by the R&DD Board. That is, the application for division must be filed either before the original application is decided on or within three months after the service of the notice of grant of the original application.
- (7) The grace period for a design patent (which currently is six months) will be increased to 12 months.

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

TIPO provides the Patent Examination Guidelines (hereinafter referred to as the “Guidelines”) for examining patent applications, and the provisions of the Guidelines are cited in court judgments as legal basis. Nevertheless, the Guidelines can be amended

or revised whenever necessary, which can bring a long-standing dispute to the court about which published amendment to the Guidelines should be applicable at the time of adjudication. (That is, either the amendment to the Guidelines are applicable at the time of the patent grant, or are applicable at the time of adjudication.) To this question, the Taiwan Supreme Court has entered a judgment under docket (108) Shang-Zi No. 521, which states that:

(1) As set forth in Article 80 of the Constitution of the Republic of China (Taiwan), the judges of the administrative courts of Taiwan are required to provide correct interpretations with respect to the application of laws. The judges' interpretations should be made based on their cognition and discretion and their appropriate legal opinions on the laws. And certainly, such interpretations should not be bound by the administrative rules enacted by the administrative agencies.

(2) That is to say, even though a judge cites the contents of the Guidelines, the citation is made based on the judge's cognition and discretion of the laws and represents his/her appropriate legal opinions and legal interpretations, which are not bound by the administrative rules enacted by the administrative agencies. Likewise, the judge should also make appropriate interpretations with respect to the changes or revisions, if any, of the Guidelines based on his/her cognition of the Guidelines, without being affected thereby. To sum up, the question of which Guideline amendment should be applied will not arise as a problem due to the changes or revisions in different published amendments to the Guidelines. The judge may examine the inventive step requirement of any patent in dispute by reference of the amended Guidelines.



J. K. Lin became the Director of TIPLO in 1997, after TIPLO's founder Mr. M. S. Lin passed away. During the 23-year tenure up to now, J. K. has set out to further streamline the hierarchy of the staff and adopted effective formulae leading to a significant quality improvement in TIPLO's patent, trademark and legal services that accommodate clients' intensifying needs for IP right enforcement. J. K. also devotes his time to many public speaking events targeted at global corporations and international society, addressing issues of IP concerns and unfair competition among other subjects, while following in the footsteps of his late father in his dedication to *pro bono* activities with NGOs such as the Judicial Reform Foundation, the Taiwan International Law Society and the Taiwan Human Rights Committee, among many others. He is currently a member of the Ecom/Adcom Committee of the Asian Patent Attorneys Association (APAA), and is Vice-President of the APAA's Taiwan Group and Co-Chairperson of the Organizing Committee, 2019 APAA 70th Council Meeting in Taipei.

TIPLO Attorneys-at-Law
No. 125, Nanking East Road, Sec. 2
Taipei 10409
Taiwan

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



H. G. Chen is the Chief of the Legal Department at 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 an instinctive 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 this illustrious record has won him a 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 the Intellectual Property Committee of the Taipei Bar Association (1990–1993) and Taiwan Bar Association (1993–1995). He is now an executive member of the Board of Directors of the Asian Patent Attorneys Association (APAA), Taiwan Group.

TIPLO Attorneys-at-Law
No. 125, Nanking East Road, Sec. 2
Taipei 10409
Taiwan

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

TIPLO Attorneys-at-Law (also known as 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 IP rights. Being a leading firm in patent and trademark prosecution and enforcement, TIPLO is one of the largest and most reliable IP specialty full-service law firms in Taiwan. TIPLO is currently staffed by over 285 full-time members, many of whom are multilingual professionals fluent in English, Chinese, Japanese, Taiwanese, among 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 to date 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 industries alike, reinforcing TIPLO as one of the most effective law firms representing the interests of its clients.

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