

This article was published in No.10, Vol.28 of the *World Intellectual Property Report* on October 1, 2014.

Patent

Taiwan Courts Affirm Patent Office Can Change Conclusions Over Same Prior Art

By **Hsiu-Ru Chien** and **May Chen**, Lee and Li, Taipei
e-mail: hrchien@leeandli.com; maychen@leeandli.com

After a patent is granted by a patent office, any party who considers the patent to lack novelty or an inventive step can file a cancellation (invalidation) action with the patent office along with the relevant prior art reference(s). In some countries, the patentability issues that may be submitted to the patent office for re-examination in the invalidation action stage are not allowed to overlap those substantially examined at the patent application stage. There is however, no such regulation in Taiwan. As such, there may be circumstances where the prior art references that an invalidation petitioner submits in an invalidation action are ones that the patent office has already substantially reviewed and compared with the patented technique. In such a situation, the question arises as to whether the patent office can change its conclusion and decide that some claims of the patent do not have an inventive step over the same prior art references.

On this potentially contentious issue, the decisions of the Taiwan Supreme Administrative Court in Judgment No. 2014-Pan-242 (rendered on May 15, 2014) and the Intellectual Property Court ("the IP Court") in Judgment No. 2013-Xing-Zhuan-Su-50 (rendered on October 9, 2013) in an invalidation case seem to affirm that the patent office can in fact maintain different opinions during the stages of patent application and invalidation action.

Patent Office Decision

The target patent in the case relates to a hand tool. At the patent application stage, the Taiwan Intellectual Property Office ("TIPO") issued an office action stating that "Citation A" rendered all the claims obvious (non-inventive) to persons with ordinary skill in the art and requesting the applicant respond to and/or amend the claims.

The patent applicant responded to the office action with a claim amendment and explanation regarding the differences between the invention and Citation A. After examining the amended claims, TIPO granted the patent.

Subsequently, a third party filed an invalidation action against some claims of the patent based on Citation A. The patent office agreed with the invalidation petitioner's arguments and concluded that Citation A substantially discloses the elements and the structure recited in the claims, so that it was sufficient to show that the claims lacked an inventive step.

TIPO also stated that the combination of Citation A and the prior art described in the specification of the target patent further prove the patent lacks an inventive step. The patent right was therefore withdrawn by the patent office. The patentee filed an administrative suit with the IP Court arguing that TIPO had violated the principle of good faith in administrative action and also failed to give reasons in its invalidation decision as to why it had reversed its conclusion previously given at the patent application stage with regard to Citation A.

Before the Courts

At first instance, the IP Court affirmed the patent office's decision in the invalidation action. In Judgment No. 2013-Xing-Zhuan-Su-50, the IP Court held that all the technical features in the claims had been substantially disclosed by Citation A and that the minor modification in shape could be directly understood by persons skilled in the art with reference to the description in the prior art section of the specification of the target patent.

On appeal, the Supreme Administrative Court also affirmed this conclusion in its Judgment No. 2014-Pan-p242.

It is worth noting that both the IP Court and the Supreme Administrative Court agreed with the patent office's method of citing "the description regarding the prior art in the field in the specification of the target" as prior art and combining it with Citation A to negate the inventive step of the patent.

The view is consistent with a previous judgment rendered by the Supreme Administrative Court (Judgment No. 2012-Pan-774), in which the court pointed out that "the rule of estoppel and the principle of good faith are also applicable in cases pertaining to patent validity." That is, since the patentee clearly indicated in the patent specification that a patent or a technique ("Citation B") is prior art, Citation B should be deemed a qualified prior art reference without requiring proof when the validity of the patent is further evaluated. This is to ensure consistency of the patentee's explanations regarding the invention and protect not only the interest of the invalidation petitioner but also the interest of the public, which is formed on the basis that the public believes the patentee's previous explanations/statements.

The judgments imply that the prior art mentioned in a patent specification is certainly a qualified prior art reference and can be combined with other prior art references to challenge the validity of the patent in an invalidation action. The impact of such opinion would be to significantly reduce an invalidation petitioner's burden of proof on admissibility of evidence. Bearing this in mind, a patent applicant needs to carefully consider whether and how to disclose a skill or technique used prior to the invention being claimed in a patent specification.