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Intellectual Property, Taiwan Declaratory judgment on noninfringement: another choice for an alleged infringer

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Introduction

An alleged infringer can raise a defence of non-infringement or patent invalidity in a patent infringement lawsuit. The IP Court can dismiss the patent owner's complaint on sustaining either of these defences. Given the efficient pace of IP Court procedure, disputes are normally resolved relatively quickly. However, in some cases the patent owner merely sends a warning letter to the alleged infringer or privately conveys allegations of patent infringement to third parties without filing a lawsuit with the court. Under such circumstances, although the alleged infringer can lodge a cancellation action with the Taiwan Intellectual Property Office (TIPO) to invalidate the patent at issue, it normally takes more than one year for the TIPO to conduct an examination. Meanwhile, the alleged infringer is unable to clear its name. This scenario is particularly unwelcome to a party that is confident in its non-infringement and patent invalidity defences. Without litigation before the court, there is no way to obtain a timely and favourable judgment to confirm the accused party's innocence and to put an end to the damage to its business and reputation.

In such cases, the alleged infringer may consider filing a lawsuit with the IP Court against the patent owner, asking the court to grant a declaratory judgment that "the patent holder does not possess the right to claim injunction and damages from the alleged infringement". The court has rendered several declaratory judgments in favour of the alleged infringer.

Decisions

In Civil Judgment 2013-Min-Zhuan-Su 102, the defendant had issued letters to the plaintiff's channel sales merchants with onsite displays or counters claiming that the plaintiff's product infringed its patent, forcing the withdrawal of the plaintiff's products from such channels. However, the defendant did not proceed with litigation, thus causing uncertainty as to whether the plaintiff's products did indeed infringe the defendant's patent. The court ruled that the plaintiff was entitled to initiate a lawsuit for a declaratory judgment and determined that the patent in question lacked an inventive step and should be invalidated. The court's declaratory judgment confirmed the absence of the defendant's right to claim damages or request an injunction against the plaintiff and the plaintiff's product.

Similarly, in Civil Judgment 2013-Min-Zhuan-Su 54, the IP Court ruled that the patent in question had no inventive step and hence the defendant had no right to request a damage award or injunction against the plaintiff. In this case, the defendant had also issued warning letters to the plaintiff, but had taken no legal action.

In Civil Judgment 2010-Min-Zhuan-Su 166, the court accepted the plaintiff's assertion that its manufacturing process was not covered by the scope of the defendant's patent, and hence ruled that the defendant had no right to ask for an injunction or damage award. The cause in this case was that the defendant had carried out preservation of evidence procedures against the plaintiff. Although the defendant had initiated a patent infringement suit, the court still held the view that the plaintiff was entitled to motion for a declaratory judgment.

Comment

The declaratory judgment system presents alleged infringers with an alternative means of proactive defence.

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