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Draft amendments to Patent Act introduce significant changes to patent remedy system

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Introduction

On 30 December 2020 the Taiwan Intellectual Property Office (TIPO) published draft amendments to certain articles of the Patent Act which substantially revise the litigation procedures for patent cases and consolidate the appeal levels. The changes include:

- the abandonment of the re-examination mechanism for patent applications;
- the introduction of a review procedure to the patent remedy system;
- the simplification of the appeal levels; and
- the handling of patent dispute lawsuits as civil rather than administrative proceedings.

The draft amendments affect a wide range of articles and amount to the biggest change to the Patent Act in recent years.

Establishment of review committee and strengthening of examination process

According to Articles 66-1 to 66-7 of the draft amendments, TIPO will set up a re-examination and dispute review committee. Three to five members of the review committee will handle reviews of re-examination and dispute cases. Various measures will be introduced to the examination process, including:

- direct trials;
- oral arguments;
- preparatory proceedings; and
- examination plans.

After the review process, parties will be notified of the review's closure. The nature of the review process is an administrative adjudication procedure.

Introduction of re-examination system and simplification of appeal levels

Articles 66-8 to 68-1 of the draft amendments enable patent re-examination via the review committee in:

- cases that challenge decisions to dismiss a patent application;
- cases that involve applications for patent term extensions;
- correction cases; and
- cases that challenge decisions on related patent applications and procedures (ie, where a party is dissatisfied with a TIPO decision that does not fall into one of the above categories) – for example, cases relating to:
 - claims of priority rights being unrecognised;
 - applicant ineligibility;
 - licensing;
 - licence transfer; and
 - pledge registration.

The existing Patent Act divides patent application examinations into preliminary examinations and re-examinations. The draft amendments abolish the re-examination procedure. If applicants are dissatisfied with the preliminary decision, they may file for re-examination with the review committee. If applicants are dissatisfied with the re-examination decision, they may file a lawsuit with the Intellectual Property and Commercial Court. Although re-examination review cases will be handled by TIPO, they are equivalent to administrative appeals handled by the Ministry of Economic Affairs (MOEA) so a further administrative appeal would be unnecessary.

If there is cause for review of a final and binding re-examination decision, Articles 86-1 to 86-2 of the draft amendments grant the party involved a special remedy procedure, which applies mutatis mutandis to the provisions of re-examination or dispute case procedures.

Introduction of dispute review system

Articles 71 to 82 of the draft amendments specify that the review committee will handle two types of dispute case:

- patent cancellations; and
- patent term extension cancellations.

Cancellation reviews will be conducted through oral argument and in public. However, if TIPO deems it necessary, reviews may be conducted in writing with the consent of the parties involved or at TIPO's discretion.

Removal of cancellation matter article

A dispute over the ownership of a patent application or right traditionally entails the filing of a cancellation action. However, this often results in conflicts over the parties' privacy rights and may not involve a professional judgment as to the patent's technicality. In practice, it is difficult for TIPO to substantively investigate ownership issues in the same way as the courts. Therefore, the draft amendments remove Item 3 of Paragraph 1 of Article 71 of the Patent Act and state that parties should follow civil litigation procedures to resolve disputes.

Articles 10, 59, 71, 119 and 141 of the draft amendment are relevant to this change.

Handling of lawsuits as civil proceedings

The complexities of the dual civil and administrative remedy system often confuse parties when filing lawsuits. Therefore, Articles 91-1 to 91-10 of the draft amendments clarify that the civil courts have jurisdiction over patent re-examination and cancellation dispute litigation proceedings. Parties which disagree with the review committee's decision need not undergo an administrative appeal process and can instead file a suit with the Intellectual Property and Commercial Court.

Patent application procedures

Patent application procedures are currently adjudicated by TIPO. If a party is dissatisfied with TIPO's decision, it can file an administrative appeal with the MOEA. If a party is dissatisfied with the MOEA's administrative appeal decision, it can file an administrative lawsuit against TIPO with the administrative court. The draft amendments stipulate that if an applicant is unsatisfied with TIPO's decision on an application, the case will still be handled as an administrative decision in which TIPO is the defendant but parties should file a civil action for a patent review to avoid any discrepancies in the judgment.

Patent cancellation procedures

Under the existing legislation, patent cancellation procedure cases are also reviewed by TIPO. If a party is dissatisfied with a decision, it can file an administrative appeal with the MOEA. If it is dissatisfied with the administrative appeal decision, it can file an administrative lawsuit against TIPO with the court. However, the draft amendments:

- state that disputing parties will be listed as plaintiffs and defendants; and

- change the administrative litigation procedure to a civil litigation procedure.

This is because patent disputes in lawsuits deal with not only the appropriateness of TIPO decisions but also whether there is cause for cancellation of the patents themselves. Therefore, patent dispute litigation should be conducted by the actual parties which have opposing interests.

Patent validity disputes

If a court believes that a patent which is the subject of an action is invalid, it may render a judgment on such patent's validity. TIPO's authority is not required for the patent to be revoked. However, the patent right is void ab initio only after the court's judgement on the invalidity of the patent right is final and binding.

Further amendments

Articles 19, 34, 88, 89, 122, 130 and 157-5 introduce the following additional amendments:

- extension of the grace period for design patents to 12 months;
- clarification of the legal basis for electronic patent applications and delivery;
- prohibition of divisional applications during the re-examination period;
- specification of the review procedures relating to compulsory licensing and its revocation; and
- specification of the transitional provisions of the current and new laws.

Comment

TIPO held several public hearings at the end of January 2021 to collect public opinion so adjustments to the draft amendments may yet be made. The draft amendments have far-reaching effects on the patent application and remedy system. Patent owners and related professionals should pay close attention to the changes to the Patent Act and related laws and regulations to understand how their rights and interests may be affected.

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