

## Taiwan Patent Act Overhaul: A Look at the Details

Substantive amendments to Taiwan's Patent Act were approved by the legislature on 29 November 2011, though the date that the changes will take effect will be determined by the Executive Yuan. Based on recent discussions with the TIPO Director General Wang Mei-hua, we understand that the TIPO is drafting enforcement rules and making internal adjustments to the examination system as provided in the amended law, so the revised Act is not expected to come into force until the second half of 2012.

This revision affects more than 150 articles of the current Act. Key goals of the amendments include strengthening patent holder rights, streamlining patent examination procedures, and bringing Taiwan's patent system more in line with international norms.

The draft submitted to the Legislative Yuan included provisions granting patent protection to animals and plants, but these were removed prior to passage of the bill in part due to opposition from traditional agriculture interests and environmental groups.

The following summarizes some of the key changes to the Patent Act.

### **Patent rights**

Two changes impacting the rights of patent holders concern damage claims for infringement and reinstatement of rights.

### **Patent infringement**

The new Act expressly states that a patent holder may claim for cessation or prevention of infringement without having to prove intent or neglect on the part of the infringer, and may claim compensation for damages where the infringement is intentional or negligent.

An additional means of calculating damages for infringement is added under the revised Act whereby the amount of compensation may be based on royalties the rights holder would have received in a legitimate licensing arrangement.

The new Act eliminates, however, treble damages for intentional infringement. It also eliminates the current provision whereby the patentee may claim damages on the

basis of diminished business reputation arising from infringement on the basis that public apology via print media is deemed sufficient to remedy such damage.

## **Reinstatement of rights**

Under the current Act, priority must be claimed at the time of filing. Moreover, if the applicant fails to pay the certificate fee and first annuity within the specified deadlines, the patent approval will be voided. The amended Act, however, allows applicants that unintentionally failed to claim priority rights at the time of filing to apply to recover the priority within 16 months of the priority date. 10 months for design Where an applicant has failed to pay annuities, it may apply for reinstatement of its rights within six months of the missed deadline.

## **Invalidation**

The new Act expressly abolishes the TIPO's authority to invalidate a patent ex officio. Under the new Act, where multiple invalidations against the same patent are filed, the TIPO may consider all simultaneously in order to expedite examination. In addition, a provision has been added allowing for partial invalidation, rather than invalidation of the entire patent required under the current Act.

## **Harmonization**

The amended Act clarifies the scope of patent rights and compulsory licensing to bring Taiwan's patent regime more in line with international standards.

## **Scope of patent rights**

The amended Act specifies that private acts for non-commercial purposes such as for educational uses or research and testing acts for obtaining regulatory drug approval etc. are outside the scope of exclusive patent rights and will not be deemed infringement. Drafters of this provision referenced the patent laws of Germany, Japan and the U.K. as well as the International Union for the Protection of New Varieties of Plants.

## **Compulsory licensing**

The current Act identifies three circumstances in which compulsory patent licensing applies: national emergencies, making non-profit-seeking use of a patent for the benefit of public welfare, or where a party and a patentee are unable to reach

agreement on licensing under reasonable commercial terms within a given period of time.

The third scenario has been a source of controversy in Taiwan, and compulsory licenses have been granted on it in situations where patent holders felt they should not have been – the Phillips optical disc case being a prime example. The new Act limits application of this third basis to situations of non-commercial use benefiting public welfare or to re-inventions that exhibit important technical improvements with substantial economic significance, or where anti-competitive behavior has occurred.

Another change relevant to compulsory licensing allows the original patent holder to obtain a license of a re-invention made by a party pursuant to a compulsory license.

In line with WTO commitments, the amended Act also specifically provides that compulsory license may be granted to produce pharmaceutical products for export to developing or least-developed countries to address public health crises.

### **Expanded scope**

Under the current Act, a patentee is unable to seek remedy against infringement of a single element of an overall patent design. The new Act extends patent protection to partial designs. Reference was made to similar provisions in the patent laws of Japan, Korea, and the EU.

The current Act does not protect computer-generated icons (icons) and graphical user interfaces (GUI) as such are not affixed to three-dimensional articles. The new Act makes icons and GUIs patentable subject matter as design patents in line with similar coverage under patent laws in the U.S., Japan, Korea, and EU.

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