

# Made in Taiwan

☛ *Taiwanese patent law has undergone a comprehensive revision to comply with WTO requirements*

**In January of 2003, Taiwan's government made good on its promise by enacting the latest in a series of amendments to the Patent Law, which should become effective in the coming months on a date to be announced. Chris Neumeyer and JH Wei of Shay & Partners report**

## In summary

- ☛ Patent Law revised extensively to comply with WTO specifications
- ☛ Opposition actions, penal provisions and patent splitting procedures eliminated
- ☛ Protection for microbiological processes added pursuant to TRIPS's 27.3(b)

**D**ue to its uncertain sovereign status, Taiwan is one of the only industrial nations in the world that is not a member of the Paris, Berne, Madrid, Rome or Washington conventions for the protection of intellectual property rights. Instead, Taiwan has resorted to bilateral agreements with about a dozen countries, including agreements with the US, UK, Germany, Japan and others, for the mutual recognition of patent rights. While better than nothing, those agreements and Taiwan's legal system have failed to provide the same level of patent protection as the laws and agreements of other countries.

For example, filing an application for an "international" patent pursuant to the Patent Cooperation Treaty might protect an inventor in 111 countries, but not in Taiwan, because Taiwan is not a signatory of the treaty. In addition, patent applications in Taiwan can be delayed for months due to a unique procedure that allows third parties to contest an application before the patent is granted. And, while Taiwan's Patent Law bans unauthorized sales of infringing goods, it does not prohibit unauthorized offers to sell, thus providing a back door for infringers. Taiwan's Patent Law also includes unusual features such as the ability for an inventor to split one patent into two and the availability of criminal penalties for patent infringement.

But all that is about to change. Upon being admitted to the WTO, in January of 2002, Taiwan joined the global IP community and committed to amend its Patent Law to bring it

into compliance with international norms and the WTO's trade-related aspects of intellectual property (TRIPS) agreement. In January of 2003, Taiwan's government made good on its promise by enacting the latest in a series of amendments to the Patent Law, which should become effective in the coming months on a date to be announced. Below are just a few of the changes.

## Priority filing date

Under the Paris Convention, any patent application that is filed in a member country within one year after the applicant filed an application for the same article in another member country may be backdated to the earlier application date. Backdating is important because otherwise a public disclosure might have occurred that would prevent the granting of a patent.

While Taiwan is not a party to the Paris Convention, its Patent Law includes a similar provision for backdating an application up to one year based on a prior foreign application. Under Taiwan's law, however, the prior application must have been filed in a country that grants reciprocal priority rights to Taiwan citizens. Not only does this include fewer countries than the Paris Convention, but the identity of those countries is not always certain. As amended, the law will grant such priority rights if the prior application was filed in a country that is a member of the WTO, providing greater certainty and applicability of priority filing dates.

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#### Opposition actions

The amendments will shorten the average time required for obtaining a patent in Taiwan by eliminating the unique procedures for opposing a pending application. As it stands, Taiwan's law allows any party to challenge the granting of a patent by filing an opposition action on the grounds that the invention is ineligible for protection. Such an action may be filed within three months from the publication date, and the patent applicant then has one month to respond to the opposition. As amended, the opposition procedure will be eliminated, and any party wishing to oppose the granting of a patent must do so through a cancellation action after the patent has been granted.

#### Splitting of patents

Another unique provision of Taiwan's Patent Law is Article 68, which allows a patentee, "who has filed one application covering two or more inventions and has acquired a patent therefor," to file an application requesting that the patent be divided into separate patents. This procedure can be useful when an individual component of a creation appears to be unpatentable because its separate usefulness is not evident, and only later is its usefulness ascertained and its patentability possible. While Article 68 has been popular with inventors, it is an anomaly in IP law. Thus, the amendments will eliminate Article 68 and Taiwan's procedure for splitting patents.



**AGAINST THE LAW:** Taiwan's law prohibits the granting of invention patents for new varieties of animals and plants

#### TRIPS section 27.3(b)

Taiwan's Patent Law presently prohibits the granting of invention patents for new varieties of animals and plants, except for the cultivation and growth processes of new plant varieties. The law will be amended to conform more closely to TRIPS section 27.3(b), which requires that members allow for patenting of microbiological processes.

As in other countries, Taiwan's indigenous groups have objected to section 27.3(b) and to all patenting of life forms, on the grounds that such patents undermine indigenous beliefs and practices and usurp traditional knowledge that is seen as shared by all. Taiwan's government sees it differently, as biotechnology is being touted as Taiwan's

next economic miracle. The President has pledged US \$1.5 billion in government support for the biotech industry over the next five years, and biotech parks are springing up around Taiwan. Foreign investment is increasing steadily in the sector, particularly in the areas of pharmaceuticals, agricultural and herbal medicine, but to further stimulate biotech R & D in Taiwan, many feel that stronger patent protection is needed.

Thus, investors will be pleased that, in accordance with section 27.3(b), the Patent Law will be amended to prohibit granting patents to animals and plants and the methods used to produce them, "except for any microbiological methods of production."

### Time extensions for foreigners

Presently, the Patent Law authorizes Taiwan's Intellectual Property Office ("IPO"), ex officio or upon request, to grant an extension of time to complete the patent application procedures to any person "residing abroad or in a remote area." The amendments will delete that provision on the grounds that such a person may appoint a patent agent to act on his behalf.

### Novelty requirement

In expressing the basic novelty requirement, Taiwan's Patent Law prohibits the patenting of any invention that was "published or put to public use." As amended, the law will state that the invention must not be "known by the public." More significantly, Taiwan's law lacks one of the standard exceptions to the above novelty ban – where the invention is publicly known due to an unauthorized disclosure. That omission has been remedied, as an invention may still be deemed novel, under the amended law, if "the disclosure to the public is made by another person without the consent of the applicant."

### Rights protected by patent

Presently, Taiwan's Patent Law prohibits only the unauthorized manufacture, sale, use, or import for such purposes, of a patented article, but not "offering for sale" an infringing article. Because infringers often lack sales records, but may possess stockpiles of infringing goods or may have placed advertisements for sale of such goods, this omission has frustrated patent holders in Taiwan. In accordance with TRIPS Article 28, protection has been expanded so that Taiwan's Patent Law will also grant the exclusive right to "offer for sale" the patented article.

### Utility model patent application

Under existing law, an application for a utility model patent must undergo a "substantive examination," in which the IPO will ascertain whether the article conforms to the standard requirements for patentability. Because utility model patents tend to be less technically complex than other patents, the amended law will require only a "basic examination" of



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such applications, meaning that the IPO will determine only that the device claimed (1) is a utility model (i.e. relates to the shape or construction of an article), (2) is not registrable in accordance with some other requirement of the patent law, and (3) is described sufficiently in the specification or drawings attached to the application. This will simplify the process of obtaining utility model patents.

### Utility model technical reports

As amended, Taiwan's Patent Law will authorize any party to make a request to the IPO for a "utility model technical report," describing the nature of the utility model. That report can then be used offensively as evidence in a cancellation action or defensively in an action to defend the applicant's legal rights.

### Application fee exemption

The amended law will allow certain individuals, schools and small businesses to apply to the IPO for partial exemptions from the standard application fees as an incentive for them to increase their expenditures on research and development.

### Electronic filing of applications

While the infrastructure is not yet in place, patent applicants will be pleased to learn that Taiwan's law will allow for electronic filing of patent applications in the future, subject to enforcement rules to be proscribed by the IPO.

### Penal provisions

Patent applicants may be less pleased to learn of the elimination of penal provisions from Taiwan's Patent Law. The law presently authorizes the owner of a patent to file a complaint with the Public Prosecutor for alleged infringement. If successful, such criminal actions can result in penalties of up to two years imprisonment, fines of up to a few thousand US dollars and police search and seizure actions for evidence of infringement. The latter provision has been especially popular for combating patent infringement, as Taiwan's civil system lacks discovery proceedings (although the judge has the power to call witnesses or demand the production of evidence), so a patent holder will often file a criminal complaint and rely on a police raid to obtain evidence for use in the civil action. That opportunity will no longer exist, as the amendments eliminate all criminal remedies from the Patent Law, including search & seizure actions.

The above amendments, and others, were ratified by Taiwan's Legislative Yuan and promulgated by the President in January of this year, although their effective date has not yet been announced. The Executive Yuan is expected to announce their effective date within the next few months. ■

### The authors

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