

Legal 500

Country Comparative Guides 2024

Taiwan

Patent Litigation

Contributor

Talent Attorneys-at-Law



Alan Chen

Managing Director | alan.chen@talent-law.com

Kevin Ke

Senior Associate | kevin.ke@talent-law.com

Jenny Huang

Senior Associate | jenny.huang@talent-law.com

This country-specific Q&A provides an overview of patent litigation laws and regulations applicable in Taiwan.

For a full list of jurisdictional Q&As visit legal500.com/guides

Taiwan: Patent Litigation

1. What is the forum for the conduct of patent litigation?

Taiwan's Intellectual Property and Commercial Court (IP Court) has exclusive jurisdiction over both the first and second instances of patent litigation. The IP Court, established in 2008, is a specialized court for handling cases related to intellectual property rights. In patent litigation, the IP Court appoints technical examination officers to assist judges in resolving technical issues. In patent infringement cases, the IP Court can rule on both the issue of infringement and the validity of the patent. However, the court's decision on patent validity in an infringement case is binding only on the parties involved in that case.

To revoke a patent, any person may file an invalidation action with the Taiwan Intellectual Property Office (TIPO). A decision by TIPO, which is binding on the public, can be appealed to the Board of Appeals under the Ministry of Economic Affairs (MOEA). The MOEA's decision can then be appealed to the IP Court through administrative litigation.

2. What is the typical timeline and form of first instance patent litigation proceedings?

The Taiwan IP Court adjudicates patent infringement cases in several stages under the amended Intellectual Property Case Adjudication Act. The key issues to be addressed and decided are as follows: (1) Claim construction; (2) Patent validity; (3) Patent infringement; and (4) Damages calculation.

In most cases, the IP Court will only address damages after confirming both infringement and the validity of the patent at issue. Additionally, the IP Court may issue an interim judgment on claim construction, patent validity, and/or patent infringement. In such instances, the damages calculation is heard after the interim judgment is rendered. The first instance of patent litigation typically concludes within one to one and a half years. However, the process for determining damages may take longer, depending on the complexity of the case.

3. Can interim and final decisions in patent cases

be appealed?

An interim decision cannot be appealed but can be appealed together with a final decision of the IP Court. For the first instance final decision of a patent case made by one judge, it can be appealed to the second instance of the IP Court, a panel of three judges. It takes around one to one and a half years to conclude the second instance patent litigation proceedings. The appellate decision made by the second instance of the IP Court can be appealed to the Supreme Court provided the value of the claim exceeds NT\$1.5 million (approximately US\$46,875) and the reasons to appeal only limited to violation of laws. For the third-instance procedure, it takes around half year to two years depending on the complexity of the case.

4. Which acts constitute direct patent infringement?

Under Taiwan's Patent Act, direct patent infringement includes the exploitation of an invention related to a product, which encompasses acts such as manufacturing, offering for sale, selling, using, or importing the product for these purposes. It also covers the exploitation of an invention related to a process, including using the process, or using, offering for sale, selling, or importing the product directly obtained by that process for these purposes.

5. Do the concepts of indirect patent infringement or contributory infringement exist? If, so what are the elements of such forms of infringement?

Taiwan's Patent Act does not explicitly regulate indirect or contributory patent infringement. However, in practice, patentees often rely on the concept of joint infringement under the Civil Code. For liability to be established, a primary or "direct" infringer must have committed an infringing act, and there must be a causal link between the actions of the instigator or aider and the resulting infringement. Only under these circumstances can the instigator or aider be held jointly liable for the infringement.

6. How is the scope of protection of patent claims construed?

In Taiwan, the scope of patent protection is determined by the claims. When interpreting the claims, the specification, drawings and relevant file histories (i.e., intrinsic evidence) may be considered, and extrinsic evidence will only be referenced if intrinsic evidence is insufficient.

To prevent others from circumventing patent infringement liability through non-substantial changes to the claimed invention's technical elements, the doctrine of equivalents may be applied. However, the application of this doctrine must satisfy the all-elements rule and is subject to limitations such as prosecution history estoppel, prior art, and the principle of contribution.

7. What are the key defences to patent infringement?

In Taiwan, the primary defenses against patent infringement include invalidity, non-infringement, and the statute of limitations. For non-infringement, defenses may include the absence of direct infringing activities within Taiwan or the failure of the disputed products to meet all elements of the claims. Regarding the statute of limitations, a patentee must file a claim for damages within two (2) years of becoming aware of the infringement or within ten (10) years of the occurrence of the infringement. Failure to meet these deadlines will result in the patentee forfeiting the right to claim damages for patent infringement.

8. What are the key grounds of patent invalidity?

For an invalidity defense, almost all grounds for an invalidation action before the Taiwan Intellectual Property Office can be raised. The key grounds for patent invalidity include insufficient written description, claims not supported by the specification, and the lack of industrial utility, novelty, or non-obviousness.

9. How is prior art considered in the context of an invalidity action?

Prior art disclosed before the filing or priority date of a patent qualifies as relevant prior art. If the technical content disclosed in the prior art directly and unambiguously corresponds to the patented invention, the patent will be deemed to lack novelty. Additionally, if a person skilled in the relevant field could easily achieve

the invention based on the prior art disclosure or by combining it with other prior art, the patent will be considered to lack non-obviousness.

10. Can a patentee seek to amend a patent that is in the midst of patent litigation?

Under the amended Taiwan Intellectual Property Adjudication Act, a patentee has the right to amend the claims of a patent in response to a defendant's invalidity challenge to the disputed claims. However, the patentee must file the claim amendment with the Taiwan Intellectual Property Office before asserting in the IP Court that the amended claims apply to its continued enforcement of the patent. Such amendments are limited to deleting claims, narrowing the scope of claims, correcting errors or translation mistakes, or clarifying ambiguous language.

The IP Court may assess the legality of the amended claims and, before rendering a judgment, may express its legal opinion and disclose its reasoning to an appropriate extent, allowing both parties the opportunity to present their views. If the IP Court deems the amendments lawful, the case will be adjudicated based on the amended scope of the claims.

11. Is some form of patent term extension available?

For inventions related to pharmaceuticals, agrichemicals, or their manufacturing processes, where regulatory approval is legally required for exploitation, the patentee may apply for a patent term extension based on the first regulatory approval obtained after the patent's publication, limited to one application. This regulatory approval can only be used once to request a patent term extension. The extended term shall not exceed the period during which the invention could not be exploited due to the time required to obtain regulatory approval from the central competent authority. If the time required to obtain regulatory approval exceeds five (5) years, the extension is capped at five years.

Any person may challenge the approved extension with the patent authority by providing evidence that regulatory approval was not required for exploitation, that the patentee or licensee did not obtain the necessary approval, that the approved extension period exceeds the time during which the invention could not be exploited, that the extension applicant is not the patent holder, that the approval used was not the first regulatory approval, or that the pharmaceutical product in question is intended

for veterinary use.

12. How are technical matters considered in patent litigation proceedings?

In Taiwan's patent litigation proceedings, the IP Court appoints technical examination officers to assist judges in clarifying technical issues. In most cases, the IP Court will independently consider technical matters, provided both parties are given sufficient opportunity to debate the specialized knowledge presented by the technical examination officers. For more complex technical matters, the court may appoint a third-party expert to provide a technical appraisal. When technical issues involve evidence held by the opposing party or a third party, the court may, upon a party's motion, appoint a Verifier to examine such evidence, including documents or devices/equipment. Additionally, both parties are allowed to submit independent expert opinions.

13. Is some form of discovery/disclosure and/or court-mandated evidence seizure/protection (e.g. saisie-contrefaçon) available, either before the commencement of or during patent litigation proceedings?

Taiwan does not have a discovery/disclosure process. However, a patentee may consider the following approaches to collect necessary evidence to prove patent infringement:

1. The patentee can petition the IP Court for evidence preservation before or during litigation. If preserving the evidence risks compromising any party's trade secrets, the court may limit the persons present during the preservation process and restrict access to the preserved evidence, including prohibiting or limiting viewing, copying, photographing, or reproduction by other means.
2. The patentee can petition the IP Court for a compulsory evidence collection order to compel the production of materials in the possession of the infringing party or a third party. This petition can be filed either before or during patent litigation proceedings.
3. The patentee can petition the IP Court to appoint a Verifier to examine evidence, such as documents or devices, during patent litigation proceedings. The appointed verifier will compile a verification report and submit it to the IP Court after the examination. If the report

contains trade secrets, the party under verification may, within 14 days of receiving a photocopy or electronic file of the report, file a motion with the court to prohibit the disclosure of the report, in whole or in part.

Additionally, documents obtained through discovery/disclosure or evidence seizure in other jurisdictions may be submitted to the IP Court by filing a motion requesting the document holder to present them, or by appointing a Verifier to examine the documents.

14. Are there procedures available which would assist a patentee to determine infringement of a process patent?

If a product made by a patented manufacturing process was previously unknown domestically or internationally before the patent application for that process, it is presumed that others manufacturing the same product are using the patented process. In such cases, the burden of proof for patent infringement shifts to the alleged infringer. However, if the alleged infringer can demonstrate that their method of manufacturing the same product differs from the patented method, this will serve as sufficient rebuttal evidence.

Additionally, under the amended Taiwan Intellectual Property Adjudication Act, there are two alternative approaches that may assist a patentee in determining infringement of a process patent:

1. The patentee may petition the IP Court to appoint a Verifier to examine evidence, such as documents or devices/equipment, as long as such evidence can prove infringement of the process patent.
2. If a party makes a preliminary showing that a process claim has been or is likely to be infringed, and the opposing party denies such a claim, the court may order the opposing party to present a specific defense, along with supporting facts and evidence, within a prescribed time limit.

15. Are there established mechanisms to protect confidential information required to be disclosed/exchanged in the course of patent litigation (e.g. confidentiality clubs)?

In Taiwan's IP Court, trade secrets involving the parties or third parties during litigation are protected through the issuance of protective orders under the Taiwan

Intellectual Property Adjudication Act. A motion for a protective order must be submitted in writing and must specify the individuals subject to the order, the trade secrets to be protected, and the reasons why the relevant information qualifies as a trade secret. Once the court issues a protective order, the individuals subject to it are prohibited from disclosing the protected information to those not covered by the order. Violation of the protective order may result in criminal liability.

16. Is there a system of post-grant opposition proceedings? If so, how does this system interact with the patent litigation system?

For patent invalidity issues, anyone may file an invalidation action with the Taiwan Intellectual Property Office (TIPO), as stipulated under post-grant opposition proceedings. TIPO's decision can be appealed, and the final/concluded result is binding on the public.

Additionally, a defendant in a patent infringement case can assert a patent invalidity defense. The IP Court will decide on the invalidity defense, and no stay of proceedings will be considered. However, the IP Court's decision on patent validity is only binding on the parties involved in the infringement case.

In rare cases where TIPO's decision conflicts with the IP Court's decision on patent invalidity, TIPO's final and concluded decision shall prevail, and no retrial of the IP Court's final and concluded decision will be initiated.

17. To what extent are decisions from other fora/jurisdictions relevant or influential, and if so, are there any particularly influential fora/jurisdictions?

The IP Court bases its decisions on the facts, evidence, and applicable laws of Taiwan. However, the court is open-minded to consider decisions from foreign jurisdictions, provided there is no specific regulation under Taiwanese law and there is room for the court to apply such foreign rulings by analogy.

18. How does a court determine whether it has jurisdiction to hear a patent action?

In Taiwan, the IP Court has exclusive jurisdiction over patent infringement cases related to Taiwan patents. The IP Court will hear cases concerning the enforcement of Taiwan patents. However, it does not have jurisdiction over foreign patent enforcement unless the enforcement

is based on a final and concluded foreign judgment that has been recognized through Taiwan's court recognition process.

19. What are the options for alternative dispute resolution (ADR) in patent cases? Are they commonly used? Are there any mandatory ADR provisions in patent cases?

In patent cases, alternative dispute resolution (ADR) is available. Under court practice, the IP Court may hold non-mandatory mediation if both parties are willing to participate. Additionally, in some cases, the IP Court may encourage the parties to settle after certain issues have been decided. Arbitration, however, is rarely used to resolve patent disputes.

20. What are the key procedural steps that must be satisfied before a patent action can be commenced? Are there any limitation periods for commencing an action?

To initiate patent litigation, the plaintiff(s) must retain an attorney-at-law to represent them before the IP Court, submit a complaint, and pay the court fee. The complaint must identify the accused product, specify the allegedly infringed claims, provide a claim chart for the infringed claims, and include supporting evidence. If damages are sought, the claimed amount must also be specified.

There is no statute of limitations for actions solely seeking to stop or prevent future infringement. However, if the plaintiff seeks damages, the action must be initiated within two (2) years of the plaintiff becoming aware of the infringement.

21. Which parties have standing to bring a patent infringement action? Under which circumstances will a patent licensee have standing to bring an action?

Both the patentee and an exclusive licensee have standing to bring a patent infringement action. The exclusive license agreement must not contain provisions that prevent the exclusive licensee from enforcing the licensed patent in its own name. A non-exclusive licensee, however, does not have standing to enforce the patent unless the case is filed jointly with the patentee.

22. Who has standing to bring an invalidity action against a patent? Is any particular connection to the patentee or patent required?

Anyone may file an invalidation action with the Taiwan Intellectual Property Office based on grounds such as lack of industrial utility, novelty, non-obviousness, insufficient written description, or illegitimate amendments.

However, if the invalidation is based on the ground that the patent holder is not the legitimate applicant, only a person or entity with a legitimate interest in the patent has standing to bring the invalidation action. **Note:** An amendment to the Taiwan Patent Act has been proposed to remove this invalidation ground, with such disputes to be resolved through civil litigation after the amendment.

23. Are interim injunctions available in patent litigation proceedings?

In Taiwan, it is possible to apply for a provisional injunction to maintain the status quo, also known as a "preliminary injunction," before or during patent litigation proceedings. However, such injunctions are not commonly granted in practice due to the difficulty in meeting the requirements. The applicant must provide evidence of a disputed legal relationship and demonstrate the need to prevent significant harm, avoid imminent danger, or address similarly urgent situations.

When considering the necessity of injunctive relief, the court will evaluate four key factors: (1) the likelihood of the applicant's success, (2) whether the injunction would cause irreparable harm to either party, (3) the balance of harm between the parties, and (4) the impact on public interest.

In most cases, the IP Court will require the applicant to provide a security bond before granting a preliminary injunction. The applicant must indemnify the respondent for any damages caused by the enforcement of the injunction in the following situations:

1. The court revokes the preliminary injunction because it was unjustified *ab initio*.
2. The court revokes the injunction because the applicant failed to file the patent litigation within 14 days of service of the ruling granting the injunction.
3. The court revokes the injunction upon motion by the applicant.
4. The court revokes the injunction due to a conclusive judgment against the applicant in

the case.

As a general principle, before issuing a preliminary injunction, the court should allow both parties to present their opinions unless exceptional circumstances exist.

24. What final remedies, both monetary and non-monetary, are available for patent infringement? Of these, which are most commonly sought and which are typically ordered?

In patent infringement litigation in Taiwan, a patentee typically seeks both damages for past infringement and a permanent injunction to prevent future infringement by the alleged infringer. If the IP Court, upon hearing the case, determines that the patent is valid and the accused product infringes upon it, the judgment will include provisions for an injunction to stop the infringing activities and damages if the infringement was due to intentional acts or negligence.

25. On what basis are damages for patent infringement calculated? Is it possible to obtain additional or exemplary damages? Can the successful party elect between different monetary remedies?

In Taiwan, damages for patent infringement may be calculated using one of the following three methods, at the election of the patentee:

1. The actual damages suffered or lost profits by the patentee,
2. The profits gained by the infringer, or
3. Reasonable royalty fees.

If the infringement is found to be intentional, the court may award enhanced damages exceeding the proven amount, but not more than three times the actual damages.

26. How readily are final injunctions granted in patent litigation proceedings?

In Taiwan's patent litigation, if a patentee seeks an injunction and the IP Court determines that the patent is valid and the product infringes upon it, a permanent injunction will typically be granted until the expiration of the patent rights.

27. Are there provisions for obtaining declaratory relief, and if so, what are the legal and procedural requirements for obtaining such relief?

In patent cases, if the accused infringer has an immediate legal interest, they may seek a declaratory judgment of non-infringement from the IP Court. "Immediate legal interest" means that the moving party must convince the court of a compelling need for a ruling to confirm non-infringement, such as when a patentee sends a cease-and-desist letter without filing an infringement case. It is important to note that a declaratory judgment of patent invalidity is not available, as an invalidation action can instead be filed with the Taiwan Intellectual Property Office.

28. What are the costs typically incurred by each party to patent litigation proceedings at first instance? What are the typical costs of an appeal at each appellate level?

Under the amended Taiwan Intellectual Property laws, both parties must be represented by attorneys-at-law before the IP Court. Typical costs include court fees, attorney fees, and other necessary expenses to establish the case. The court fee for first-instance patent litigation is slightly less than 1% of the value of the subject matter, while for second or third-instance litigation, the fee is slightly less than 1.5% of the subject matter's value. Actual attorney fees paid may vary. An example of a necessary expense is the expert fee for completing an appraisal report appointed by the court.

29. Can the successful party to a patent litigation action recover its costs?

Only the court fee, attorney fees as determined by the court, and other necessary expenses to establish the case can be recovered. Attorney fees are determined by the court based on the complexity of the case, not the actual fees paid by the parties. The actual attorney fees paid by both parties cannot be fully recovered.

30. What are the biggest patent litigation growth areas in your jurisdiction in terms of industry sector?

Two major growth areas are the biotechnology industry and semiconductor manufacturing industry. For the biotechnology industry, Taiwan's patent linkage system came into effect in 2019. In the semiconductor

manufacturing industry, patent infringement cases related to high-tech materials used in the manufacturing process have also been on the rise.

31. How has or will the Unified Patent Court impact patent litigation in your jurisdiction?

The IP Court in Taiwan has exclusive jurisdiction over patent cases, functioning similarly to a Unified Patent Court. This system ensures consistent legal opinions on patent matters and provides a platform for Taiwan IP attorneys to demonstrate their professional knowledge and skills.

32. What do you predict will be the most contentious patent litigation issues in your jurisdiction over the next twelve months?

The most contentious litigation issues in Taiwan are related to the amendments to the Intellectual Property Adjudication Act. These amendments include several reforms aimed at enhancing patent protection, such as:

1. The professional knowledge provided in the Technical Examination Officer's report must be disclosed if it serves as the basis for the judgment.
2. Expert witnesses can be retained by both parties.
3. The IP Court can appoint a Verifier to examine documents or devices/equipment held by the opposing party or a third party.
4. A patentee may amend the claims of the patent in response to the defendant's patent invalidity defense, and the IP Court may assess the legality of the amendment. Before rendering a judgment, the court will disclose its legal opinion and reasoning to the extent appropriate.

Further study is needed to evaluate the impact of these amendments to the Intellectual Property Adjudication Act.

33. Which aspects of patent litigation, either substantive or procedural, are most in need of reform in your jurisdiction?

In Taiwan, patent cases are processed efficiently and professionally during litigation. However, both parties can only present their evidence and arguments in a timely manner if the IP Court provides legal opinions and

discloses its reasoning to an appropriate extent. How the IP Court handles the disclosure of its reasoning remains a key issue. The amended Intellectual Property Adjudication Act introduces reforms to address this concern, and the effects of these amendments should be closely monitored.

34. What are the biggest challenges and opportunities confronting the international patent system?

The biggest challenges and opportunities facing the

international patent system lie in the proper enforcement of patents. Excessively high litigation costs or overly complicated procedures can deter both patentees and defendants from using the court system. For example, patent trolls may exploit such systems to achieve their goals, while some patentees may choose not to enforce their patents if the invalidation rate is too high or the damages awarded are too low. An effective patent litigation system should offer a faster process, professional debates on complex technical issues, reasonable discussions on validity without the influence of hindsight, efficient evidence collection methods, and fair damages awards.

Contributors

Alan Chen
Managing Director

alan.chen@talent-law.com



Kevin Ke
Senior Associate

kevin.ke@talent-law.com



Jenny Huang
Senior Associate

jenny.huang@talent-law.com

