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Taiwan Intellectual Property Special

Inside this issue :

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SIPO Adopts Revised Rules Accelerating Patent Cases

The State Intellectual Property Office, as Order of the Office No.76, issued the Administrative Rules for Prioritized Patent Examination (PPE) by the end of June and became effective on August 1st 2017.

Aiming to empower advancement of innovations in trades and to facilitate the state-wide industrial transformation, SIPO initiated and implemented a fast-track examination program for invention patent applications since 2012. The program's works have been routinely reviewed. Now the old rules were deemed to be neither efficient nor sufficient to fully serve China's rapidly growing industrial demands. The newly promulgated PPE is a substitute for the old rules as soon as it was put into force.

PPE Eligibility:

According to PPE, cases eligible for prioritization are more than inventions patent applications. They include:

- Invention patent applications;
- Utility model and design patent applications;
- Re-examination for invention, utility model, and design patent applications; and
- Invalidation for invention, utility model, and design patents.

Patent application or re-examination can be accelerated if they meet any of the qualifications as follows:

1. Technology involving energy conservation and environmental protection, new energy, next-generation information technology, biotechnology, high-end device manufacture, new material, new-energy automobile, smart manufacturing, etc.;
2. Technology involving industrial sectors encouraged with emphasis by the People's Governments of provincial and municipal levels;
3. Technology involving Internet, big data, cloud computing with a fast turnover rate in technology or products;
4. The invention filed for the first time in China and then filed in another country or region;
5. Circumstances entailing significance relating to national or public interest.

Furthermore, the **qualifications** for accelerating **patent invalidation** cases are as follows:

1. Infringement disputes occurred in association with a patent invalidation, where local IP office is involved, a lawsuit is pending at the court, or a mediation proceeding is undergoing;

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2. Circumstances of invalidation entailing significance relating to national or public interest

Examination Time frame:

To accelerate an accepted case, PPE sets a capped time frame to considerably reduce the pendency of each kind of eligible cases:

1. Invention patent application: the first office action should be issued within 45 days and a decision should be rendered within one (1) year;
2. Utility model and design patent application (no substantive examination): a decision should be rendered within two (2) months;
3. Re-examination: a decision should be rendered within seven (7) months;
4. Invalidation of invention or utility model patents: a decision should be rendered within five (5) months; and
5. Invalidation of design patents: a decision should be rendered within four (4) months;

Applicant Eligibility:

Eligible PPE applicants are applicants of patent application and petitioners of re-examination. For invalidation cases, local IP office, the court or the arbitral/mediation institution that is handling the infringement dispute involving the patent at issue are also eligible to apply for PPE, in addition to the patent holders and the invalidation petitioners.

Formalities Requirement:

To request, a standard PPE application form and materials concerning prior art and prior designs are necessary for patent, utility model and design patent applications. The patent search report is no longer required to simply PPE application procedure. However, recommendation letter from relevant department of the State Council or provincial IPO is still required in most situations, except for patent applications that are firstly filed in China and have filed in other countries.

Notably, accelerating an invention patent application will be admissible only after or simultaneously when a request for substantive examination is made. In case there are multiple patent applicants, or co-owners for a patent, consent from all applicants or patent owners is required.

During the fast track, the applicant's response to an Office action is to be made within a shortest timeframe of two (2) months for invention patent applications or fifteen (15) days for utility model or design patent applications.

Suspension of PPE:

SIPO may suspend the prioritized examination and allow the case to return to the regular procedure if any following event occurred:

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1.Amend the patent application
2.Responses to Office action made beyond the specified 2-month time frame
3.Submit false materials
4.Found to be abnormal patent application
5.Re-examination petitioner requests for extension of time to respond
6.Invalidation petitioner files supplemental brief after the PPE request is accepted
7.Patentees amend the claims by ways other than deletion after the PPE request is accepted
8.Re-examination or invalidation procedure is suspended
9.Case adjudication is dependent to the outcome of other cases
10.Other difficult cases approved by the Patent Reexamination Board

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Definition of PHOSITA Revisited in a Recent Judgment

In July 2017, the Taiwan IP Court issued a judgment dismissed an administrative litigation brought by the patentee. In the court's ruling it revisited the definition of a person having ordinary skill in the art ("PHOSITA") during the course of determining whether the inventive step requirement has been met.

As the background of the case, the plaintiff and patentee, a fishing equipment dealer, sued Taiwan IP Office ("TIPO") seeking to reverse an invalidity decision made by the TIPO. The Taiwanese patent at issue ('533 patent) relates to a braided or twisted lines made from gel spun polyolefin yarns and the method of manufacture thereof. The invention can be primarily used as fishing lines in marine activities.

The third party presented several exhibits of foreign patents as prior art to challenge the inventive step of the '533 patent. The court found the motivation to combine relevant exhibits being obvious in light of a skilled artisan. They all disclosed technical means to modify yarn's quality by heat stretching, suggesting that they relate with each other in the same technical field. One of the exhibits was made by the same inventor and owned by the same assignee as the '533 patent. The only different property that '533 patent features is to disclose the use of a sort of "unfused" yarn. Patentee then argued that the absence of "unfused" yarn in the prior art references taught away the use of the same, and therefore said exhibit should not be cited against the patent at issue as evidence of lacking inventive step. The court found in the otherwise emphasizing that a teaching away shall be an explicit indication of a widely recognized principle, an authoritative knowledge, or the like. An absence or incomplete experiment or implicative words are not enough to teach away a combination of certain pieces of references.

As the patentee asserted, that in the previous decision the definition of PHOSITA was not particularly provided was unlawful. Particularly a PHOSITA was supposedly to be described by education and practical experience. But the court was not convinced hereby.

The court analyzed that for some technical fields that have been well developed or where combination of references is rather predictable, the level of skill of a PHOSITA can be derivable based on the information disclosed from exhibits of prior art. Such practice is quite similar to a situation that ordinarily seen in a tort, or contract dispute, or criminal case where a "good Samaritans[1]" or a "reasonable person" is generally not necessarily to be defined in detail. Considering the level of technical development being seemly abstract, academic background or professional history may indeed be more objective to define a PHOSITA's skill level. However, as emphasized, patent is only to embody the result of progressively practical skills rather than an ultimate pursuit of cutting-edge achievement in theoretical science. Practical skills may somehow weight over educational background in this regard. Therefore not in all cases a PHOSITA is describable by integration of educational background and professional history.

The court concluded that the presented exhibits were sufficient to support the necessary knowledge a PHOSITA in the present case should possess, and based on whom the court deem the fishing line of '533 patent can easily be accomplished in view of prior art references. '533 patent lacked an inventive step.

The patentee's arguments are not compelling to the court. TIPO's decision revoking '533 patent was affirmed.

1 "Good Samaritans Law" refers to a person giving the aid owes the stranger a duty of being reasonably careful, see https://definitions.uslegal.com/g/good-samaritans/

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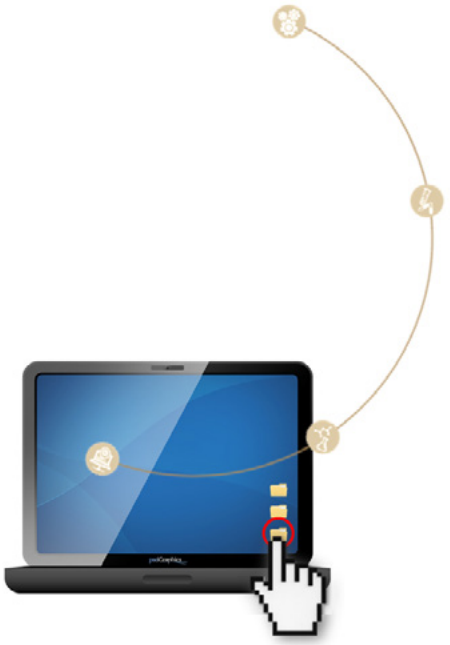
Applicant of Convenience for Filing a PCT-SIPO Application



Introduction

The State Intellectual Property Office (SIPO) of P.R. China is one of the competent receiving offices under the Patent Cooperation Treaty (PCT). According to the PCT Article 11(1), one of the minimum requirements for recording an international filing date is that at least one applicant should be a national or resident of a PCT contracting state. Furthermore, at least one of the applicants should have legitimate ground to file with the receiving office for reasons of nationality or residence. As such, an eligible applicant to file with SIPO is a Chinese national, or an expatriate, a foreign entity, or a foreign organization residing or having a business establishment in China, pursuant to PCT Rule 18.1. It is worth noting that citizens of Hong Kong, Macau, and Taiwan are by law Chinese nationals.

Applicant of Convenience

According to the foregoing rule, an international enterprise having no business establishment yet wishes to file a PCT application with SIPO as the sole applicant would be red-flagged. Fortunately, it is possible to incorporate in the application an "applicant of convenience" merely to meet the filing requirement. Namely, the foreign company may name a natural person of Chinese national, customarily one of the employed inventors, on the Request Form in order to successfully file the PCT application with SIPO. The ownership of the application may be assigned later by executing an assignment. By doing so the named Chinese applicant would be able to transfer his share of ownership on the patent application to the primary applicants. The primary applicants thus possess the entire ownership of the application.

Strategic Alternative

Oftentimes it is practically difficult for the primary applicant to obtain an executed assignment from an applicant of convenience who was formerly employed but have left the company. According to PCT Rule 4.5(d), a PCT application permits to indicate different applicants for different designated states. It suggests an alternative approach to resolve the matter, which is to designate the same Chinese national as an applicant solely for a PCT contracting state where the primary applicant has no interest or highly unlikely to pursue patent rights, (namely, a "state of no interest") such as the D.P.R. Korea (PK). Because the applicant will cease from prosecuting the application in that state of no interest, the PCT application can be filed with SIPO and meanwhile the primary applicant will be the sole ownership entitled to patent rights in the desired states entered later on.

For the sake of completeness, the executed assignment from the applicant of convenience to the primary applicant for use in the national stage of the "state of no interest") could be obtained from the applicant of convenience at the time of filing the PCT application.

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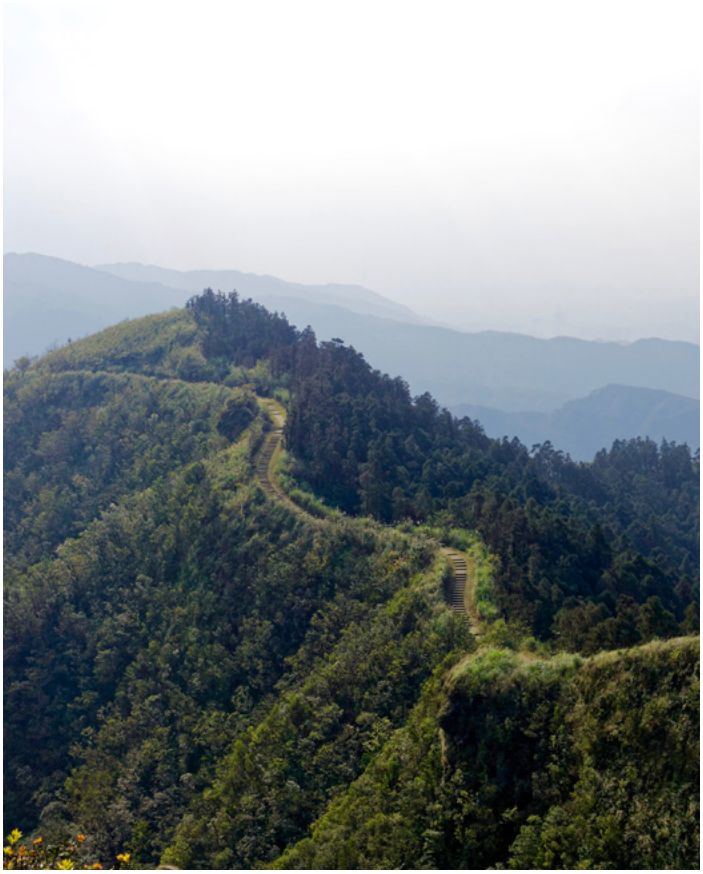

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