

December 2024

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Court Granted Damages for Counterfeits Not Sold

The question of whether trademark owners or their exclusive licensees can claim civil damages for counterfeit goods confiscated before entering the market has long been a contentious issue in judicial practice. Even after trademark infringement is established, the calculation of damages varies depending on the circumstances of each case. While Taiwan's Trademark Act specifies the calculation of damages, courts reserve the discretion to reduce the awarded amount if it is deemed disproportionate to the actual harm.[1] A recent judgment by the Intellectual Property and Commercial Court (IPC Court) clarified this issue. It affirmed that damages can still be awarded for counterfeit goods, even when the goods have not been sold on the market. The awarded amount, however, was reduced to align with the potential harm.

In this case, tea merchant TRANQUIL HALL (the "respondent") purchased and imported 2,604 Pu'er tea bricks bearing the "Dayi Design Logo" trademark (see Fig. 1). Customs labeled the goods as counterfeit, a conclusion later confirmed by the trademark owner. At the time, Taiwan Dayitea Cultural & Creative (the "appellant") held an exclusive license for the disputed trademark, but did not register it until after the counterfeit goods had been confiscated. Following the trademark owner's confirmation, the appellant filed an infringement lawsuit with the court. However, the court of first instance dismissed the claim for damages, citing the principle of "no compensation if no damages" because the counterfeit goods had not been sold on the market.[2] Dissatisfied with the result, the appellant lodged an appeal.

The IPC Court addressed both the trial and appellate proceedings, summarized the facts and then set forth the key issues. The court's ruling on damages is particularly significant; damages were awarded taking into account the unavailability of the counterfeit goods on the market. Considering the popularity of the disputed goods, the large quantity of importation, and the harm caused to market order and to the consumer's interests, the infringer remained liable for damages even though the counterfeit goods were only stockpiled. However, the court ruled to reduce the claimed damages from NT\$12,170 to NT\$500 per tea brick on the grounds that none of the counterfeit goods were actually sold. A total of NT\$1,302,000 ($500 \times 2,604 = 1,302,000$) was therefore awarded as compensation. [3]

Before reaching this conclusion, the court first established the counterfeit nature of the goods.

The appellant submitted an assessment report prepared by the trademark owner, containing an exhaustive analysis of the differences between genuine and counterfeit tea bricks. Testimonies from two employees of the trademark owner's tea factory—who were themselves highly knowledgeable tea experts—further supported this conclusion.

In addition, the court also affirmed the licensee's right to sue. As the exclusive licensee of the disputed trademark, the appellant was entitled to file a lawsuit in their own name for trademark infringement. The appellee argued that pursuant to Article 39-2 of the Trademark Act, a licensee has no locus standi against any third party unless the license is recorded with the Taiwan IP Office. Since the appellant's license registration occurred after the alleged infringement, the appellant's right to sue was questionable. The IPC Count however opined that the exclusive licensee (appellant) still bore the legitimate right to sue because a lawsuit was brought against the alleged infringer. The third party stipulated in Article 39 refers to the counter party who should be protected by law when doing business in good faith. Obviously an infringer is not a third party meant to be protected by the trademark law. [4]

The respondent's negligence was another critical factor in the court's findings. The court determined that the respondent had failed to exercise the duty of care expected of a prudent manager. By failing to carry out due diligence, the respondent displayed negligent conduct in the infringement. Specifically, the respondent imported a substantial quantity of 2,604 counterfeit goods at significantly low prices without any proof of their authenticity. This negligence was aggravated by the respondent's prior involvement in importing 3,681 counterfeit Pu'er tea bricks bearing the "Yiwuzhengshan" and "Zhongcha" trademarks.

The judgment highlights that in Taiwan statutory damages may be sought even in the absence of actual harm. However, it would be an excessive liability to the accused infringer to bear an amount exceeding the harm caused to public order in the case where no actual harm has as yet been caused to the trademark owner. In this instance, the courts would use their discretion to adjust the amount of damages in order to align with the principle of fair compensation and avoid excessive damages being awarded.

Fig. 1



[1] Article 71 of Trademark Act

[2] IPCC-111-CivilTrademarkTrial-No.12 (11.30.2023)

[3] IPCC-112-CivilTrademarkAppeal-No.2 (06.27.2024)

[4] Article 39 of Trademark Act

First-to-File vs. Reverse Confusion: Taiwan's Commitment to Registration Over Reputation

The concept of reverse confusion seeks to protect the identity of a less well-known but senior trademark from being overshadowed or diluted by a more familiar but junior trademark. Conversely, the holder of the junior mark may argue for coexistence by demonstrating that there is no occurrence of reverse confusion and that the relevant consumers are able to distinguish between the two trademarks through extensive use.

In Taiwan, according to the Examination Guidelines on Likelihood of Confusion, consumer familiarity is a factor to consider during the examination process for a trademark registration application. Coexistence may be permitted when consumers are familiar with both conflicting trademarks, with the trademark more familiar to consumers generally receiving greater protection.[1] However, since Taiwan strictly adheres to the first-to-file principle, consumer familiarity—a key factor in the concept of reverse confusion—does not play a decisive role. Taiwan's preference for the first-to-file principle over the concept of reverse confusion was clarified in a 2019 judgment and reaffirmed in later cases.

In the 2019 case, the Taiwanese coffee chain Crown&Fancy challenged the TIPO's rejection of

its trademark application (See Fig.1).[2] The rejection was based on the likelihood of confusion with earlier registered trademarks (See Fig. 2) under the same Class 30, covering baked goods and desserts. In the trial, the plaintiff argued that the two trademarks were dissimilar and presented evidence demonstrating that the disputed trademark had become highly distinctive through use. The plaintiff further asserted that the application had been made in good faith, contending that the trademark deserved greater protection.

The IPC Court upheld the rejection, citing significant similarities in appearance between the disputed and cited trademarks and their association with similar goods. The court found no substantial evidence to support the idea that consumers were more familiar with the disputed trademark. Additionally, the overlap of marketing channels and the shared geographical markets were also identified as factors increasing the likelihood of confusion among consumers. Moreover, the court raised doubts about the plaintiff's good faith, suggesting that the plaintiff might have been aware of the cited trademarks before filing its application. To conclude, the court emphasized that the cited trademarks, being the earlier-registered marks, were valid and deserved prioritization.

More importantly, the court also reaffirmed that Taiwan does not recognize the concept of reverse confusion. In other words, even if the junior mark is more well-known, it cannot override the rights of the senior mark holder. This strict adoption of the first-to-file principle ensures fair market competition and prevents larger or financially dominant entities from exploiting their influence to gain unfair control over the trademark rights.

This judgment highlights Taiwan's firm commitment to the first-to-file principle. Applications for newer and more familiar albeit later trademarks would be rejected if there arose the likelihood of confusion between them and the senior marks. Even if the senior mark was neither highly renowned nor widely recognized, the owner of the earlier-registered trademark would still retain the right to protection under the law.

The consistency of opinion was further demonstrated in two following judgments.

In the first case, Beauty Garage Taiwan, representing the Japanese nail polish brand Ray Gel, applied to register a trademark featuring the name "Ray gel" combined with a moon and diamond design (See Fig.3). The TIPO rejected the application on the grounds of likely confusion with senior marks containing the

word "RAY" , which were registered for similar goods under Class 3 (See Fig.4). Following an unsuccessful administrative appeal, Beauty Garage filed an administrative lawsuit. [3]

In the meantime, while emphasizing the distinctiveness of the disputed trademark, the plaintiff submitted evidence of the coexistence of similar trademarks in other jurisdictions. For example, in Japan, both "Ray gel" and "RAY" were registered without issue. The plaintiff also argued that no actual confusion had arisen between the trademarks since their uses, purposes and consumer bases were different.

After further review, the IPC Court upheld the rejection. The court found significant similarities between the disputed and cited trademarks in terms of appearance, concept and pronunciation. They were both registered for related cosmetic and personal care products, which often have shared users, functions and manufacturers. These factors increased the likelihood of consumer confusion regarding the source of goods.

The court also questioned the plaintiff's good faith in view of the similarity with the existing registered trademarks. Overlapping target markets and marketing channels were cited as factors exacerbating consumer confusion. Although the plaintiff provided evidence of

marketing efforts and collaborations, the court deemed it insufficient. The absence of consumer usage data or notable endorsements meant that there was no clear indication of greater consumer recognition of the disputed trademark. The court also reiterated that trademark protection is territorial in nature, emphasizing that foreign registration (for example, registration in Japan) does not guarantee approval in Taiwan.

Ultimately, the court ruled to uphold the TIPO's rejection decision, meaning that the disputed trademark could not be registered under the Taiwan Trademark Act. The court stressed that priority is given to protection for senior marks, even when the later-registered trademark is more renowned or more internationally recognized.

The second case involved Bo Yuan International Restaurant Company, which applied to register the trademark "WOOTEA" (See Fig.5) under Class 43, covering services such as cafés, snack bars and restaurants. The application was originally approved in 2020. Subsequently, the trademark holder of "WOO CHA" (See Fig.6), a market competitor, opposed the "WOOTEA" registration. The opposition resulted in the revocation of the disputed "WOOTEA" trademark, and this decision was later upheld in an administrative appeal. Unsatisfied with the

outcome, Bo Yuan subsequently filed an administrative lawsuit. [4]

The plaintiff contended that "WOOTEA" was distinct from "WOO CHA" in meaning, pronunciation and market use. It highlighted the differences between the two in terms of target consumers, marketing methods and product offerings. Additionally, the plaintiff argued that "WOO" was a weak component commonly used in the industry. It further asserted that the disputed trademark had gained recognition through prior use and had been filed in good faith.

Despite the plaintiff's complaints, the IPC Court determined that "WOOTEA" and "WOO CHA" were highly similar. Both trademarks referenced "tea" and were used for similar food and beverage services. The court rejected the argument that "WOO" was a weak element, affirming the distinctiveness of the cited trademark. Regarding the subjective intent of the plaintiff, the court acknowledged that the disputed trademark, being a transliteration of its Chinese brand name "五桐號", did not appear to have been filed with malicious intent to create confusion. However, the cited trademark was found to have been used and recognized prior to the disputed trademark's registration.

While the plaintiff presented evidence of the use

of “WOOTEA” prior to registration, the court noted that its prominence was overshadowed by the dominance of the accompanying brand name “五 桐 號 .” Furthermore, the court observed that the disputed trademark’s geographical scope was limited, its period of use was short, and its sales and market share data were insufficient. Owing to these factors, the opposed “WOOTEA” trademark failed to establish significant consumer recognition or distinguishability from the cited trademark.

The court concluded that the similarities between the trademarks were likely to confuse consumers regarding the source of the services. As a result, the court upheld the decision to reject the registration of the disputed “WOOTEA” trademark in accordance with Taiwan’s Trademark Act.

The above three cases demonstrate that the Taiwanese courts were consistent in their adoption of the first-to-file principle. The latter two cases both showed that the relevant consumers had a certain level of familiarity with the disputed trademarks “Ray gel” and “WOOTEA” . However, the IPC Court dismissed the evidence provided by the applicants, finding it insufficient to prove significant consumer recognition. This highlights the difficulties encountered by junior mark owners in proving domestic consumer familiarity with their

trademarks. Even when junior mark owners can demonstrate greater recognition, Taiwan’s negation on the grounds of reverse confusion often leaves the later-filed applicant lacking the legal means to overturn the rejection of their registration. Since the first-to-file principle has become an unshakable doctrine, trademark applicants are encouraged to file applications as early as possible.

Fig. 1:
Taiwan Trademark Application No.
107880075.

金 鑽 咖 啡

Fig. 2:
Taiwan Trademark Registration No.
01068061 and No. 01895530.

金 鑽
GOLD CROWN

金 鑽

Fig. 3:
Taiwan Trademark Application No.
108025428.



Fig. 4:
Taiwan Trademark Registration No.
1466381, No. 1977491 and No.1986640.

RAY



Fig. 5:
Taiwan Trademark Registration No.
02098888.

WOOTEA

Fig. 6:
Taiwan Trademark Registration No.
02008961.

WOO CHA

- [1] Article 30 of Trademark Act
- [2] IPCC-107-AdminTrademarkTrial-No.91
(4.11.2019)
- [3] IPCC-109-AdminTrademarkTrial-No.117
(3.25.2021)
- [4] IPCC-111-AdminTrademarkTrial-No.88
(7.27.2023)

Artificial Intelligence-Related Invention Patent Application Guidelines

On December 6, 2024, the China National IP Administration (CNIPA) announced the publication of a draft for the AI-related Invention Patent Application Guidelines (Guidelines).¹ AI technology has made significant advances globally, and the number of patent applications has increased considerably. In response to this trend, the Guidelines represent a strategic effort to rigorously and comprehensively construct a policy framework for the patent examination of inventions in the AI realm. Specifically, the Guidelines aim to clarify and improve the quality of the current examination process, address key challenges encountered by innovators, and more importantly, serve as a standardized policy interpretation to help applicants understand the current examination norms within the existing legal framework.

Chapter 1 summarizes the four common types of AI-Related patent applications. They are: (1) applications for AI algorithms or models themselves, (2) applications related to functions or industrial implementations based on AI algorithms or models, (3) applications for AI-assisted inventions, and (4) applications for AI-generated inventions. They are further elaborated as follows.

In the first category, AI algorithms or models covers fundamental AI components such as machine learning, deep learning, neural networks, fuzzy logic, genetic algorithms and model optimization. These fields are the core of AI. Correspondingly, these types of applications may also involve the improvement or optimization of algorithms or models such as model structure, compression and training, among others.

The second category concerns applications relating to AI functions and industrial implementations, meaning the integration of AI into specific functionalities or industries. These functions may be natural language processing, computer vision, speech processing, knowledge presentation and reasoning, or data mining. Implementations of AI in various industrial fields such as transportation, telecommunications, life sciences, medicine, security, business, education, entertainment and finance in order to promote the advancement of innovation is also a key area of applications.

For the third category, that of AI-assisted inventions, AI technology serves as an auxiliary tool in the inventive process. An example would

¹ https://www.cnipa.gov.cn/art/2024/12/6/art_75_196483.html

be the use of AI to identify specific protein binding sites ultimately resulting in the acquisition of a novel drug compound.

The last category concerns AI-generated inventions, those which are created autonomously by AI without any substantial human contribution. An example of this is a container autonomously designed by AI systems.

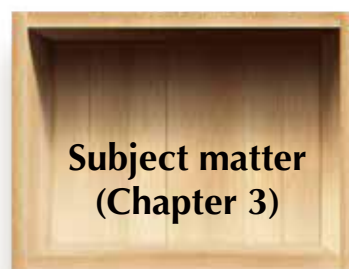
Chapters 2 to 5 of the Guidelines present five major legal issues.



The Implementing Regulations of the Patent Law of the PRC require that an inventor must be a person who makes creative contributions to the essential features of the invention. For AI-assisted and AI-generated inventions, AI systems participate in the invention process to varying degrees. Whether an AI system can be named as an inventor has long been a subject of discussion.

CNIPA's new Patent Examination Guidelines specifically stipulate that the inventor must be an individual and the application form must not include an organization or the name of the AI system. This is a clear manifestation that, unlike a human being, an AI system cannot be a subject with entitlement to either property rights or moral rights. Therefore, an AI system cannot be named as an inventor.

For inventions made with the assistance of AI, a natural person who has made creative contributions to the substantive features of the invention can be named as the inventor. On the contrary, as previously explained, it is illegal to grant inventorship to an AI system for an invention generated by AI.

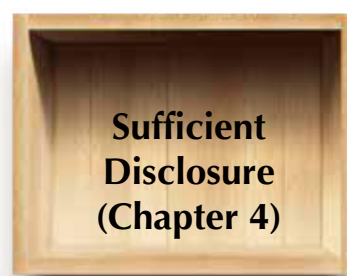


Patentable subject matter must direct to a technical solution, which is a collection of technical means that utilize the laws of nature to solve technical problems. When a claimed invention includes both the rules of intellectual

activities and technical features, the invention shall become patentable subject matter. In the area of AI, the question of patent eligibility depends on whether, for example, the execution of the algorithm or model employed in the invention utilizes natural laws to solve a particular technical problem. When using AI algorithms or models to analyze and predict big data in various fields, the question becomes how one is able to judge whether the intrinsic correlation between the mined data conforms to the laws of nature. For example, a method for establishing a general neural network model based on an abstract algorithm or a method for training a general neural network using an optimized loss function to accelerate training convergence would not be considered mere abstract mathematical algorithms and would thus not be eligible for a patent if no technical features are involved.

The Guidelines illustrate three specific scenarios in which an invention embodies a technical solution. Firstly, the AI algorithms or models process data with specific technical content. Secondly, the AI algorithms or models have specific technical correlations with the internal structure of computer systems. For example, the invention solves technical issues by improving hardware computing efficiency or execution—by

reducing data storage volume, reducing data transmission volume, or increasing hardware processing speed. Thirdly, the AI system mines big data in specific industrial fields to find intrinsic correlations based on an AI algorithm. Such intrinsic correlations must conform to the laws of nature rather than socio-economic norms. Taking, for example, a method for estimating a regional economic prosperity index using a neural network to determine the intrinsic correlation between economic data and electricity consumption data then using this correlation to make a prediction, such a correlation is regulated merely by economic norms. Hence, the claimed method does not constitute a technical solution and is thus not eligible for a patent.



"Black box" is a feature of AI algorithms and models. Sufficient information must be provided for the purposes of full disclosure. The specification must clearly and comprehensively describe the technical means embodying the

concept of the patent invention to the extent that the person with technical skill in the art can enable it. Moreover, the specification must clearly and objectively state the beneficial effects of the invention.

For example, for a claimed invention whose inventive concept lies in the training of AI models, the specification generally requires, among others, a description of the algorithms involved and the specific steps performed. To give another example, for a claimed invention whose inventive concept lies in the construction of an AI model, the specification generally requires a description of the necessary module structure, hierarchical structure or connective relationship, among other things. If necessary, the achievable technical effect should be corroborated through experimental data, analytical statements, or other means. Lastly, for a claimed invention whose inventive concept lies in the implementation of AI in various industrial fields, the specification generally requires, inter alia, a description of how the model is integrated into a specific industrial scenario, or of the method by which the input or output data is set.



In principle, when evaluating inventiveness, the technical features and the algorithmic features that functionally support and interact with those technical features should be evaluated as a whole.

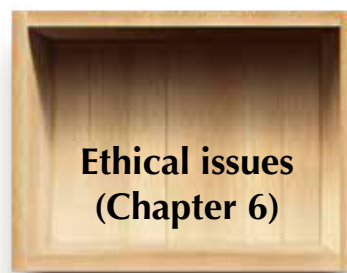
When using AI algorithms or models for specific functions or in specific industrial fields, the contribution of algorithmic features to the solution should be evaluated. That is, it is necessary to state the technical problems solved, the technical means adopted that conform to the laws of nature, and the technical effects achieved. If the solution involves adjusting the existing AI algorithm processes or model parameters, and the adjustment solves the technical problems in question and produces beneficial technical effects, it can be determined that the algorithm features and technical features support and/or interact with each other.

When using AI algorithms or models for different functions or in different industrial fields, factors to be evaluated in terms of their favorability for inventiveness include, among others, the

closeness of the technical fields, the existence of any corresponding technical inspirations, the difficulty of using them in different fields, whether there are any technical difficulties that need to be overcome, and whether they bring unexpected technical results.

Improvement in the internal performance of computer systems is another positive factor in inventiveness evaluation. Examples are the support or optimization of the operation of specific algorithms or models by adjusting the hardware system architecture and the optimization of hardware resource scheduling in the computer system through the execution of algorithms or models.

Another significant positive factor is the improvement of the user experience. A claimed invention aims to enhance online customer service by addressing the underutilization of Chatbot resources through the optimization of dynamic allocation between robotic and human customer service with the use of a genetic algorithm to reduce customers' waiting time. It indicates optimistic potential for being deemed inventive.



Article 5 of the Patent Law of the PRC stipulates that no patents shall be granted to inventions that violate the law or social ethics or that harm public interests. This is the emperor's clause of patent practice. In the world of AI inventions, particular attention must be given to issues of algorithm ethics, data safety and data compliance. Inventions with AI used in a particular industrial scenario must avoid any legal violations. For inventions applying AI to obtain and utilize data, caution must be exercised regarding the source, destination, privacy management and usage regulations of the data. The collection, storage and processing of data must also comply with the relevant laws and regulations.

First China Patent Invalidation Case Reviewed for Bad Faith

The spirit of good faith, introduced with the new Patent Law of 2020, serves as a cornerstone of the patent regime. Known as an emperor's clause for patent practice, it now permeates through the entire patent regime. In a recent case, the bad faith is a core issue and the CNIPA explained the clause in detail.

The new Implementation Regulations for the Patent Law has become effective since January 20, 2024. Echoing the Article 20 of the new Patent Law 2020, the new Article 11 of the Implementation Regulations requires that applicants for patents shall adhere to the principle of honesty and good faith. Besides, all patent applications must be based on genuine inventive activities, and no fraudulent or deceptive practices shall be tolerated. Following on, in August 2024, the CNIPA decided an invalidity case where Article 11 of the Implementation Regulations was one of the reviewed grounds. Prospectively, this is the first case where the bad faith clause was one of the core issues in dispute.

Case Overview

Shenzhen Chuangzhi Semi-link Technology Co. owns the invention patent ZL202211472899.8 entitled "A sodium gold sulfite cyanide-free gold electroplating solution and its electroplating process." An individual Mr. Song filed for invalidation on January 20 of 2024, the very same day on which the new Implementation Regulations becomes effective. A decision was made in about seven months later. On August 28, 2024, the CNIPA decided to reject the request because the invalidating party failed to fulfill the burden to prove. Hence, the patent remains valid.

The CNIPA elaborated the meaning of Article 11 of the Implementation Regulations. The doctrine of good faith set forth a basic requirement for maintaining normal social order and embodies the value of pursuing fairness and justice. The introduction of good faith clause in both Article 20 of the Patent Law and Article 11 of the Implementing Regulations of the Patent Law

purported to police the improper activities in patent applications and enforcement. It aims to tackle the patent applications that are not intended to protect innovation, and hence to stimulate the patent quality improvement from the source.

When asserting legal grounds in an invalidity action, the petitioner should carefully understand the difference between the bad faith rejections and the unpatentability rejections such as lack of inventiveness or insufficient disclosure, the CNIPA emphasized. Under Article 11 of the Implementation Regulations, the petitioner shall bear the burden of proof by submitting specific statements in conjunction with adequate reasoning and the supportive evidence in order to demonstrate that the invalidation was aimed at prevention of right abuse, reduction of unfounded disputes, and assurance of the fairness and efficiency of the patent system.

To meet the preceding purpose, the CNIPA elaborated the requirements. First, the petitioner should indicate in detail the suspected fraudulent activities ever engaged during the course of patent application and prosecution, in accordance with Article 3 of the Provisions on Patent Application Behavior Regulations. The

invalidity request shall accompany a detail fact statement specifying in what perspective the application activities is bad faith with support of the submitted evidence. In the absence of complying with the above requirements, the invalidity will not be considered. Secondly, the petitioner shall prove to the extent where the challenged patent is made not based on real inventive events or there were fraudulent acts involved in the course of prosecution. Otherwise, the invalidity will not be established.

In the present case, the petitioner accused that there were fraudulent activities in the patent owner's three applications including the present one, that the inventions were against the technical common sense in the art, and that the patent claims were unnecessarily narrowed. CNIPA examiners reviewed the petitioner's arguments and evidence to realize that the scientific conditions in the prior art evidence are different from the invention. That is, the chemical agent, conductive electrolyte, their concentrations, the electro-current density, the functional additives, etc. disclosed in the prior art are different so that they failed to show that the invented additives cannot be used in gold electroplating liquids. The petitioner's arguments and evidence failed to successfully support his accusation of fraudulent activities, common

1 https://www.cnipa.gov.cn/art/2023/12/21/art_526_189189.html

sense conflict, and unnecessary narrowing. Therefore, the petitioner did not establish that the claimed invention violates Article 11 of the Implementation Regulations.

In addition, the petitioner did not either succeed in establishing the challenges of enablement, sufficient disclosure and technical feature requirements. To short conclude, the invalidation grounds were not sustainable and the patent remains valid.

Implications

Good faith is an emperor's clause in the entire patent regime. Some doubt that it would be too powerful to cause too much casualty in the patent system. However, at least from the present case, the CNIPA reviewed this ground with caution and reasons. The party who raises the ground has to fulfill the burden of producing sufficient corresponding evidence to support the accusation. The CNIPA would adhere to the rules of logics and the empirical rules making a decision.

Abnormal Patent Application Behaviors

As a side note, the Article 3 of the Provisions on Patent Application Behavior Regulations set forth the abnormal patent application activities including the following eight case scenarios.

- 1 The inventions embodied in multiple patent applications are obviously the same, or are formed by a simple combination of different inventive features and elements;
- 2 The patent application contains fabrication, forgery, alteration of the invented products, experimental data or technical effects, or plagiarism, simple replacement, patch-up of existing technologies or existing designs and other similar situations;
- 3 The invention in the patent application is mainly randomly generated by computer technology;

- ④ The invention in the patent application is obviously inconsistent with the common sense of technical improvement or design, or is with degraded, piled up, or unnecessarily narrowed scope of protection;
- ⑤ The applicant submits multiple patent applications without actual research and development activities and cannot provide a reasonable explanation;
- ⑥ Multiple patent applications that are essentially related to a specific entity, individual or address are filed dispersedly, with malicious intent, one after another or from different places;
- ⑦ Transferring or accepting ownerships of patent applications for improper purposes, or falsely changing identities of inventors or designers; and
- ⑧ Other abnormal patent application behaviors that violate the principle of good faith and disrupt the normal order of patent work.

Accelerated Examination Program for Re-examination

Starting September 1, TIPO introduced the Accelerated Examination Program for Re-examination (AEPRe), a one-year pilot program designed to expedite the re-examination stage of invention patent applications. The program accelerates the process when applicants agree to amend their applications by deleting rejected claims and reorganizing the allowed ones as independent claims. Under the AEPRe, examiners focus on the conclusions from the first examination stage, significantly reducing review time. Once an application enters AEPRe, applicants can expect to receive an office action or decision within six months. The program requirements are as follows.

- ① **Eligibility:** Applicable to re-examined applications where some claims are rejected while others are allowable.
- ② **Timing:** Requests can be made from the issuance of the notice of re-examination entry until the first Office action for re-examination is issued. In view of such, the applicant shall not request at the time applying for re-examination but only later.
- ③ **Amendment:** Applicants wishing to use AEPRe must agree to amend the claims by:
 - ① Deleting the claims rejected during the first examination.
 - ② Reorganizing the allowable dependent claims into independent claims. Necessary adjustments, including new claim numbering, dependency restructuring, or the addition of new dependent claims, are permitted

If an AEPRe request fails to meet any of the requirements—such as eligibility, timing, or amendments—the TIPO will deny the request and notify the applicant accordingly. In such cases, the application will not enter the AEPRe program and will proceed through the regular re-examination process. Conversely, if an application qualifies for AEPRe, the TIPO will not issue a separate notification but will instead deliver either an Office action or a decision within six months. There is no additional official fee for requesting for AEPRe.

AEPRé primarily focuses on rejections related to issues such as novelty or inventiveness identified during the first examination. Generally, it does not address unity issues.

Examples of the permissible amendments under the AEPRé are as follows.

① Deletion of rejected claims

Rejection

Claims 1 to 7 are rejected for being obvious over the cited reference.

1. An apparatus..., comprising A. (A)
- ...
8. An apparatus, comprising A and C. (A+C)
9. The apparatus of Claim 8, wherein...
10. The apparatus of Claim 8, wherein...

Amendment for AEPRé

Cancel Claims 1 to 7; Re-number the rest of allowable claims.

- ~~1. An apparatus..., comprising A. (A)~~
- ...
- 1.** An apparatus, comprising A and C. **(A+C)**
- 2.** The apparatus of Claim **1**, wherein...
- 3.** The apparatus of Claim **1**, wherein...

② Re-organization of allowable dependent claims to independent claims

Rejection

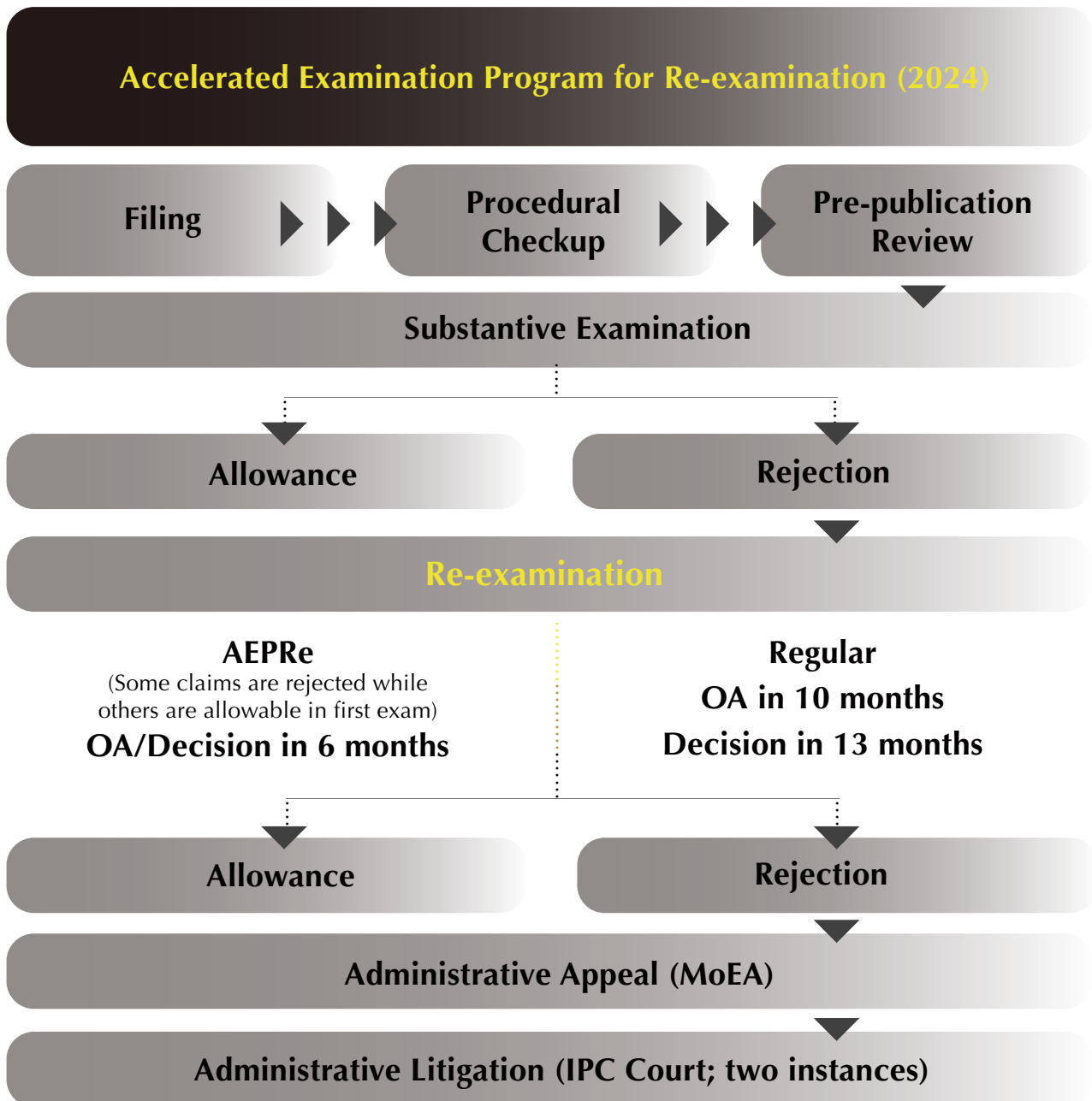
Claims 1 and 2 are rejected for being obvious over the cited reference.

1. An apparatus..., comprising A. (A)
2. The apparatus of Claim 1, further comprising B... (A+B)
3. The apparatus of Claim 1, further comprising C... (A+C)
4. The apparatus of Claim 2, further comprising D... (A+B+D)

Amendment for AEPR

Cancel Claims 1 and 2; Re-number the rest of allowable claims and add new dependent claims.

1. An apparatus..., comprising A. (A)
2. The apparatus of Claim 1, further comprising B... (A+B)
 1. An apparatus, comprising A and C. (A+C)
 2. The apparatus of Claim 1, wherein...
 3. The apparatus of Claim 1, wherein...
4. An apparatus, comprising A, B, and D. (A+B+D)
5. The apparatus of claim 4, wherein...



Draft Amendment to Patent Act on Design Patents

In September 2024, the Taiwan IP Office announced a draft amendment to the Patent Act (the “draft”). This draft was formulated in response to the rapid growth of emerging digital industries and the increasing diversification of image design utilizing digital technologies. After reviewing a number of counterpart regimes in other major jurisdictions as well as latest practices of domestic design rules, the TIPO proposed the draft for public review and comment. Being the first version, it is likely that the draft will undergo revisions after receiving feedback from the IP community and stakeholders.

The draft concerns five main topics, set forth as follows.

Image Subject Matter

The draft expands the scope of subject matter for image design in light of the advancement of digital technology. Since 2020, computer generated icons and graphic user interfaces have been eligible for patents in Taiwan. The current law states that, for a design patent to be granted to an image, that image must be applied to an article. In particular, the draft proposes to remove the article requirement in an effort to provide more possibilities for cutting-edge technologies such as the metaverse, augmented reality and virtual reality.¹ Corresponding to this change, the practice of image design is defined as (1) making, using, selling, offering for sale, or providing the image through the Internet; or (2) making, selling, offering for sale, distributing, or importing the storage medium incorporating said image for the foregoing purposes.²

Multiple Embodiments

Taiwan currently observes the one-design-per-application rule. Namely, an application for a design patent may only be filed for one embodiment. For an application containing more than one embodiment, the applicant is currently advised to either delete the others or file for a divisional

¹ Draft Amendment, Patent Act §121(2)

² Draft Amendment, Patent Act §139(3)

application to cover the same. As per the draft, more freedom will be given to the applicant to decide the number of embodiments in one application. Specifically, the same person having two or more similar designs can file them together in one application.³ In response to this relaxation of the rules, acceptable types of post-grant amendments for designs shall encompass correction of errors or translations, clarification of unclear descriptions, and deletion of one or more designs.⁴ However, the deletion of extra designs will narrow the enforceable scope of patent claims. Therefore, when a design with multiple embodiments is co-owned, unanimous permission is required for deletion of an embodiment.

Divisional Application Timeframe

The relaxation of the rules also extends to the permissible timeframe for filing divisional applications. The current timeframe in which the applicant may file a divisional application is during the examination and re-examination periods. The door closes at the time the TIPO issues a decision of either permission or rejection. In addition to the existing timeframe, the draft will allow a further three months after a decision of approval is made following examination or re-examination.⁵

Notably, in Taiwan, divisional applications retain the filing date and the priority date. Furthermore, a new examination shall not be required. Instead, the examination for the child application relays from the remainder where it spins off. Lastly, incorporation of the new matters into a divisional application is not permitted and may constitute grounds for invalidity.

Grace period

In Taiwan, the grace period clause to allow exemption from loss of novelty and inventiveness stipulates that any intentional and unintentional incidences of disclosures taking place within six

³ Draft Amendment, Patent Act §127(1)(2)

⁴ Draft Amendment, Patent Act §139

⁵ Draft Amendment, Patent Act §130(2)

months prior to filing shall not be considered prior art. According to the draft, the term of the grace period shall be extended to twelve months.⁶

On a separate note, Taiwan' s law regarding the grace period does not exclude foreign or Taiwanese patent publications that are known to be published as programmed sometime after filing.

True ownership

There are currently two approaches available for an interested party to raise a dispute of patent ownership. Firstly, there is the administrative route, whereby an invalidation proceeding must be initiated with the TIPO. After the TIPO cancels the wrongfully owned patent, the true owner may re-file for the same application within two months of the finalized decision so that the true owner obtains the original filing date. Additionally, since all of the substantive issues were already examined during the prosecution under the name of the false applicant(s), the re-filed application would be granted quickly, generally after a brief formality checks. The second approach for determining the true owner is via the judicial route, or civil litigation, whereby the genuine owner sues the imposter for unjust enrichment or torts. After the court has granted the return of the patent, the genuine owner then submits the winning judgment to the TIPO for the patent right transfer.

According to the draft, the administrative route shall be abolished leaving only the judicial route as an available course of action.⁷ The genuine owner would make a request to the TIPO for a correction of name through a settlement agreement, a court judgment, a reconciliation deed or an arbitrary decision. Furthermore, in order to maintain the stability of the temporary ownership, the party involved in the dispute may request the court to issue a preliminary injunction for maintaining the status quo for up to three months during the TIPO' s procedures such as the examination.⁸ Any abandonment of the patent or the application before the dispute is resolved and finalized would be void.

⁶ Draft Amendment, Patent Act §122

⁷ Draft Amendment, Patent Act §71(1)

⁸ Draft Amendment, Patent Act §10

