Administrative Remedy for *Patent Act* and *Trademark Act* Draft Amendments Overview

For the purpose of responding to the industry's report, gearing towards international standards, and re-establishing a quick, professional patent and trademark administrative remedy system, the Executive Yuan, through the Ministry of Economic Affairs' ("MOEA") proposal of "*Patent Act* draft amendments" and "*Trademark Act* draft amendments" on March 9th 2023, requested for the Legislative Yuan's consideration via official MOEA letter. The following is an overview of the major amendments to the *Patent Act* and *Trademark Act*:

I. Current Situation and Challenges of the *Patent Act* and *Trademark Act* Administrative Remedy[1]

1. The remedial procedure does not divide labor efficiently; having four levels of trial is a waste of time

The current patent and trademark dispute remedy system in Taiwan (including non-patentable patents, re-examination, and invalidation cases, as well as trademark opposition, assessment, and repeal cases, etc.) is a rare four-level and four-instance system, one additional level to the general three-tier and three-stance system in other countries. According to the current remedial procedure, a dispute application must first be filed with the **Intellectual Property Office** (first level), followed by an appeal to the **Ministry of Economic Affairs** (second level), and then an administrative lawsuit to the **Intellectual Property and Commercial Court** (third level), and an appeal to the **Supreme Administrative Court** (fourth level) if there is still dissatisfaction. However, the Internal appeals delivery process is a waste of time, and the appeals review department of economic affairs is not a dedicated unit for patent and trademarks, and is not familiar with the objectives of each appeal, and so it has to review the appeals from the beginning, which consumes the examination

[1] Ministry of Economic Affairs Intellectual Property Office Trademark Website〈專利、商標行政救濟程序修正說明〉Executive Yuan website, 〈重新建構專利商標救濟制度及建立商標代理人制度 政院通過「專利法」及「商標法」兩部分條文修正草案、「商標法」部分條文修正草案〉;
Chinese National Federation of Industries ,〈2010、2011 工總白皮書〉

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resources in vain. Especially considering how the current patent remedy system does not distinguish whether or not the applicant raised an amendment through the many levels of the remedy process, and increased the labor, time and cost of all parties which is not only non-compliant with global trends, but in terms of protecting intellectual property effectively, there is also room for reform.

2. **The Intellectual Property Office has a conflicting role; the material conflict of interests results in unequal legal standing**

   In Taiwan's patent and trademark dispute litigation, whether a case wherein a single party applies or a dispute between two parties, the administrative agency is the defendant in the litigation, resulting in many unreasonable circumstances. For example, in the case of patent invalidation, due to the administrative agency acting as the defendant, it makes it impossible for the parties, who have substantial interest, such as patent applicant (like a plaintiff) and the patentee to attack or defend (because it will be the patent applicant vs. the administrative agency, not the patentee); and it also creates the myth that the administrative agency, the examiner role, has to defend the patent right holder in the litigation, resulting in conflicting roles. In addition, because most of the patents and trademarks are "administrative sanctions with third-party effect," the current system of administrative remedies often results in three-party administrative disputes which further complicates the parties involved, the aim of the litigation, and the litigation results.

II. Response to the Amendments

1. Amended items shared by the *Patent Act* and *Trademark Act*

   (1) Explicitly distinguish between re-examination cases and dispute cases

   The draft amendments of the two Acts explicitly uses the nature of the case as the standard of distinction and classifies cases as either re-examination cases between an individual and the authorities wherein a single party applies, or dispute cases between two parties not concerning any administrative (government) agency. Additionally, the amendments designed a different subsequent remedy procedure according to the difference in roles of the administrative authorities, which solves the dilemma of the Intellectual Property Offices' conflicting role and position and an overly complicated remedial procedure. (Paragraphs 2 to 3, Section 4-1 of the *Trademark Act* and *Patent Act* Draft Amendment)

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(2) Establish an independent and specialized examination unit for the "Review and Disputes Committee"

Since trademark examination involves the actual use of a trademark in the market by parties and judgement based on a variety of factors, it has the high-level professionalism of discretion by uncertain legal concepts. Patent examination also needs highly professional and skillful judgement, and thus, the draft draws from the PTAB of the U.S. Patent and Trademark Office, Japan's appeal department and the IPTAB of the Korean Intellectual Property Office to establish the independent "Review and Dispute Committee" for patent and trademark examination, which through a joint review by many members of the committee, stipulates the participation of individuals that have similar conflicts of interests as the party and other supporting regulations related to review procedures. (Article 56-1 and Article 56-3 of the *Trademark Act* draft amendment; Article 66-1 to Article 66-7 of the *Patent Act* draft amendment)

(3) Re-establish a professional, efficient, and rigorous dispute review procedure

To strengthen the protection of the procedure for patent and trademark cases, while taking into account the time prescription, the examination of disputes is made more rigorous and efficient by adding methods such as oral hearing proceedings, preparation procedure, review plan, timely disclosure of evidence during the examination procedure, decisions made in the middle of a review and notice for the end of a review, and other methods. (Article 56-2 to Article 67 of the *Trademark Act* draft amendment; Article 71, Article 73 to Article 83, Article 120 and Article 142 of the *Patent Act* draft amendment)

(4) If dissatisfied by the review decision, waive the administrative appeal procedure and directly file a lawsuit

Keeping in mind that through the review by the specialized "Review and Dispute Committee" and through strict and professional procedure, the protection of the party's procedure is ensured; For the purpose of increasing the time prescription of the remedy, it is explicitly stipulated that any person who does not agree with the decision of the review, shall file a lawsuit, and be exempted from filing an administrative appeal. (Article 67-1, Article 67-3 and Article 67-6 of the *Trademark Act*; Article 91-3 and Article 91-6 of the *Patent Act*)

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(5) Establish special types of litigation: "review litigation" and "dispute litigation"; both subject to civil procedure

To clarify, decisions made by the specialized agency regarding dispute cases belong to the administrative adjudication of private-right disputes, and those with dispute over their rights shall file a "dispute lawsuit" against the other party because the current administrative litigation has changed to civil litigation; as for dissatisfaction of the review committee's decision, file a "review lawsuit" to avoid remedial systems being overly complex and discrepancies in the ruling, and at the same time, due to the current administrative proceedings now applying the civil procedure, the Court of Final Appeal will be changed from the Supreme Administrative Court to the Supreme Court. (Articles 67-3 to 67-9 of the *Trademark Act* draft amendment; Articles 91-1, 91-3 to 91-9 of the *Patent Act* draft amendment)

(6) Compulsory representation by attorneys or patent attorneys in dispute litigation cases

Patent and trademark dispute litigation cases are highly technical and legal fields. In order to comply with the Intellectual Property Law amended on February 15, 2023, to protect the rights and interests of the parties, and to promote the efficiency of the trial, it is mandatory for a lawyer to represent in the dispute case (it is also mandatory for patent attorneys to represent in patent dispute cases); dispute litigation or review litigation of appeal cases must have lawyers represent. (Article 67-2 of the *Trademark Act* draft amendment; Article 91-2 of the *Patent Act* draft amendment)

2. Other amendments of the *Patent Act*

(1) Implement "patent rejection" system to refine the review and decision procedure

Based on practical experience in Japan, out of the many parties rejected by the patent review, at least half will take the amended patent case and try to break through and, through the original examiner's re-examination, enter the "reconsideration by examiner before appeal" procedure. During this process, if the patent stipulations are met, the original examination unit will revoke the original rejection and grant an approval; if the patent stipulations are not met, the independent agency will conduct a joint review. The current draft has

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transplanted this experience by adding the "rejection review" to the *Patent Act* in support of the "reconsideration by examiner before appeal" mechanism, which encourages applicants to overcome the obstacle of being denied a patent and quickly acquire a patent which significantly reduces the number of disputes. Moreover, the original examiners, being fully aware of the technical contents of the case, can swiftly make a ruling based on whether the case overcame the disapproving opinion to achieve a case-filtering effect and increasing efficiency. However, it is worth noting that if the party has not amended the patent case (application), the case will go directly to the re-examination stage without prior examination (i.e., the "reconsideration by examiner before appeal" mechanism). Other types of case examination procedures in the draft are also strengthened. (Articles 66-8 to 66-12, 68, 69-1, 120 and 142 of the *Patent Act* Amendment draft)

(2) Remedial approach for genuine patent applicants

In the disputes over the categorization of patent application rights or patent rights, in practice, it is difficult for the patent administrative agency to actually investigate the evidence like the court does, which results in it being impossible to determine the categories of these genuine patents. And so, the reasons for invalidation are removed, but instead, disputes should be resolved according to civil proceedings and the relevant supporting regulations are to be added. (Articles 10, 35, 59, 69, 71, 119, 140 and 141 of the *Patent Act* draft amendment)

(3) Ease the time restrictions on divisional patent applications

In order to facilitate the patent applicant's patent portfolio and protect the rights and interests of creation, applicants of creation patent and design patents can acquire a divisional application within the statutory remedy period of two months after receiving a written decision of non-patentability. Applicants of a utility model patent can acquire a divisional application within the statutory remedy period of one month after receiving a disciplinary citation. (Articles 34, 107 and 130 of the *Patent Act* draft amendment)

(4) Relax the design patent grace period to 12 months.

In order to promote the development of the design industry and emulate international standards, the grace period for design patent applications will be relaxed from the current six months to twelve months. (Article 122 of the *Patent Act* draft amendment)

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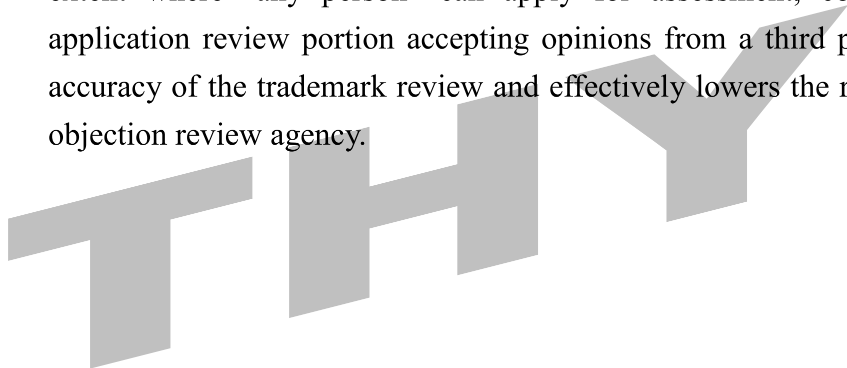
(5) Consequential amendments to the decision procedure for compulsory license and its repeal cases

For the explicit enforcement of authorization and the review procedure and other case-handling methods relevant to repeal cases, apply the review and dispute review procedures and remedy. (Articles 88 and 89 of the *Patent Act* draft amendment)

3. Other amendments of the *Trademark Act*

(1) Abrogate the objection procedure (remove section 4 of the existing law)

About 97% of the grounds for objection of existing objection procedures are focused on disputes over the relatively non-registerable trademarks, which highly overlaps with the role of limiting the application for assessment to "stakeholders.” Therefore, the objection procedure is abrogated. In addition, amendments were made to trademark registration violating reasons for trademarks to absolutely not be registered which relaxes the regulation to the extent where "any person" can apply for assessment, cooperates with the application review portion accepting opinions from a third party, increases the accuracy of the trademark review and effectively lowers the requirements of the objection review agency.



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