

November 27, 2008

To: Intellectual Property Office, Ministry of Economic Affairs, Taiwan

Japan Intellectual Property Association  
Hirohiko Usui, President

Draft Revision of Provisions from Article 84 to Article 92 of the Taiwan Patent Law

We, the Japan Intellectual Property Association, are a private user organization established in Japan in 1938 for the purpose of promoting intellectual property protection, with about 900 major Japanese companies as members. One of our important activities is to submit our opinions on the intellectual property systems of other countries and propose improvements in the implementation thereof. This letter is to present our opinions on the draft revision of the provisions captioned above.

We are very grateful for the proposed revision of Article 84 through Article 92 because the revision covers many modifications that we have been requesting of you. This revision would greatly contribute to international harmonization to the benefit of foreign applicants and right holders. However, the proposed revision contains some points that would benefit from further review.

Our opinions are presented as attached hereto. Your kind consideration would be highly appreciated.

If you have any questions, please do not hesitate to contact us. We would be more than happy to explain the basis of and reasons for our opinions.

Attached documents: Opinions on the draft revision of the provisions from Article 84 through Article 92

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## Opinions on the Draft Revision of the Provisions from Article 84 through Article 92

### 1. Article 84, paragraph 2 of the draft

Article 84, paragraph 2 of the draft specifies that the holder of a patent may claim damages from a person who has illegally infringed the patent, either intentionally or by negligence.

The infringed patent holder would not be permitted to demand damages unless the infringement has been committed intentionally or by negligence. Since this is in line with Article 184, paragraph 1 of the Civil Code, which specifies the principle of civil damages, we consider this revision appropriate. However, patents are different from other private rights in that patents are made public through patent gazettes, patent registers, etc., which allows third parties to learn the state of ownership of a certain patent and the details of an invention protected by the patent. In other words, in principle, each business operator is required to conduct a prior search in order to ensure that its business does not violate any law or a legitimate right of any other person. Therefore, each business operator is required to conduct a search of patent gazettes and other patent-related information before exploiting an invention to ensure that the invention does not infringe on a patent of any other person. Any patent infringer should be considered to have failed to satisfy this requirement and have therefore committed an infringement by negligence.

Based on these grounds, we would like to request the establishment of a provision that requires any patent infringer to pay damages to the patent holder based on the presumption that the infringer has infringed the patent due to negligence unless the infringer proves the absence of negligence.

In Japan, Article 103 of the Patent Act stipulates that a patent infringer is presumed negligent.

### 2. Article 84, paragraph 1 of the draft

Article 84, paragraph 1 of the draft is a newly established provision that prohibits indirect infringement. Under the provision, any act involving an article indispensable for the exploitation of a patented invention is considered to be a patent infringement. We support the spirit of this provision as we have been requesting prohibition of indirect infringements.

While a “promise of sale or an act related to sale (為販賣之要約或販賣實施),” is regarded as an indirect infringement under the draft, it is unclear whether the term “act” covers such concepts as “production,” “import,” “possession,” etc. The production, import, and possession of any article indispensable for the exploitation of a patented invention are very likely to cause a direct infringement. Such an act should be subject to the Patent Act in order to maintain the effectiveness of patents.

For these reasons, we would like to request a modification in the wording of this provision in

such a way that the provision explicitly specifies that the production, promise of sale, sale, import, and possession of any article indispensable for the exploitation of a patented invention shall be deemed to be a patent infringement.

### 3. Article 85 of the draft

Article 85, paragraph 3 of the current Patent Act specifies that the court may order a person who has intentionally infringed a patent of another person to pay damages not larger than three times the amount of actual damage. However, this provision was deleted from Article 85 of the draft. According to your explanation of the draft, Article 85, paragraph 3 of the current Patent Act was deleted from the draft partly because Article 85, paragraph 1, item 3 of the draft stipulates that the amount of royalty that a licensee shall pay to the patent holder for the use of the patent shall be used as a basis for the calculation of the amount of damage.

We basically support Article 85, paragraph 1, item 3 of the draft, which specifies that the reasonable amount of royalty shall be used as a basis for the calculation of the amount of damage if the amount of damage suffered by the patent holder due to the patent infringement and the amount of profits gained by the infringer are difficult to prove. However, the establishment of Article 85, paragraph 1, item 3 of the draft and the deletion of Article 85, paragraph 3 of the current Patent Act could make the amount of money payable by a licensee to the patent holder for the authorized use of the patent the same as the amount of money payable by a patent infringer to the patent holder for the unauthorized use of the patent. If the monetary burden on an infringer who has not respected the patent of the infringe became the same as the monetary burden on a licensee who has respected the patent of the licensor, people would not respect the patents of others, especially given the fact that a revision was made in the Patent Act to stop imposing criminal punishment on patent infringers. Based on the understanding that proper patent protection promotes respect for the patents of others, we think that the importance of Article 85, paragraph 3 of the current Patent Act, which permits the court to order damages larger than the amount of actual damage, has increased even further since the establishment of Article 85, paragraph 1, item 3 of the draft.

Based on these grounds, being opposed to the deletion of Article 85, paragraph 3 of the current Patent Act, we would like to request the maintenance of Article 85, paragraph 3 of the current Patent Act even after the revision.