

[Taiwan Patent Annuity and Patent Right Restoration Practices]

Preface

The Taiwan Patent Act has been amended and promulgated for enforcement from November 1, 2019. A design patent is now valid for 15 years from its filing date, rather than the 12 years as stated in the previous amendment. The protection duration for an invention patent or a utility patent remains the same. The “Recognition Standards on a Small-Medium Enterprise (SME)” has also been amended and promulgated for enforcement from June 24, 2020. Either a domestic or foreign enterprise, which meets the said “Recognition Standards on a Small Medium Enterprise”, shall be eligible for a reduction of a portion of the payable patent annuities from the 1st to 6th years in Taiwan. The following is a brief explanation on the current Taiwan patent annuity and patent right restoration systems.

General Matter for Payment of Annuity

1. Taiwan has three patent types: invention patent, utility model patent and design patent. The patent term is calculated from the filing date of a patent application, and is 20 years for an invention patent, 10 years for a utility model patent, and 15 years for a design patent.
2. The applicant will have to start the annuity payment of a Taiwan patent after the patent application has been allowed. The issue fee with the first annuity should be paid within 3 months upon receiving a Notice of Allowance. Then Taiwan Intellectual Property Office (TIPO) will publish the patent application and issue a Letters Patent (patent certificate), and the patent right shall begin from the date of publication (base date). If the applicant has unintentionally failed to pay the fees during the 3-month period, the issue fee and two times of the amount of first annuity fee must be paid within 6 months after the expiration of said 3-month period.

Remarks

- 1) A derivative design patent will independently be issued a separate Letter Patent, thus shall pay independently the annuities thereof. The duration of a derivative design patent enjoys the same validity and ends the right with its original design patent.
- 2) For both invention and utility model patent applications filed on the same day with the same contents, the utility model application under formality examination will be allowed and granted a patent at an earlier date than that of the invention patent application. The utility model patent must be kept valid by payment of annuities until the invention patent application is approved for publication. The utility model patent right will lapse on the publication date of an invention patent.
3. The second and subsequent annuity is calculated from the publication date, and each annuity fee is due every year before the expiration of said date. If the second or subsequent annuity is not paid by the original due date, the annuity can be paid within 6 months of a grace period with an overdue payment (surcharge fine) based on a 20% proportion rate of the annuity as shown below:

within 1 month	within 2 months	within 3 months	within 4 months	within 5 to 6 months
20%	40%	60%	80%	100%

4. Reduction of patent annuity:

A patentee who qualifies for the reduction of the annuity fee must be a natural person, school or medium/small enterprise (SME). Specifically, the annuity fee can be reduced by NT\$800 for each of the first to third annuity, and NT\$1200 for each of the fourth to sixth annuity.

For a patentee who is a natural person or school, the above-mentioned annuity fee shall be reduced automatically by TIPO. However, if the patentee is a SME, it is required to file a written request with TIPO for the reduction of annuity fee.

A SME must meet either one of the following two requirements of “Recognition Standards on a Small-Medium Enterprise” (June 24, 2020), namely,

A) The Patentee is a registered corporation with a paid-in capital of NT\$100 million (about US\$3,300,000 or JPY 380,000,000) or less;

Or

B) The Patentee is a registered corporation with 200 regular employees or less.

Per TIPO practice, the above SME requirements are also applicable to the patentee of a foreign company. Therefore, an eligible foreign corporation will need to provide information of the paid-in capital or number of regular employees, for the local patent agent who will be in charge of payment of annuities to file the annuity reduction request. If necessary, TIPO may request the patentee to submit documents as evidence.

Remarks

- 1) If a patent is co-owned by two or more patentees, each co-owner must meet the above requirement in order to enjoy the reduction of payment.
- 2) For a patentee who is eligible for reduction of patent annuity payment and whose patent was overdue beyond its normal payment period of annuities, the payable fine shall be calculated per the official fees after reduction is applied.
5. The patentee can make a lump sum payment for annuities of several years, and will not have to pay or make up the difference if the annuity fees increase after the payment was made in advance.
6. The patentee may apply for a refund of annuity fee if it was paid before the due date. In other words, a refund of annuity fee will not be allowed on/after the date when the patentee has started to enjoy the benefit of patent right protection.
7. The patent annuity can be paid by any person other than the patentee, and a power of attorney is not required for annuity payment. However, a power of attorney will be required if the annuity reduction request for a patent is not filed by the original agent on record for said patent.

Practice of Patent Right Restoration

As mentioned above, the annuity fee must be paid by the due date, or an additional fine must also be paid within the grace period. Failing to pay the annuity fee will cause the patent right to become extinguished after the expiration of original due date. If the patentee has unintentionally failed to pay the annuity fee and the surcharge fine within the grace period, the patentee may apply for reinstatement of the patent right within one year after the expiration of said grace period by paying triple the amount of the annuity fee.

The above will be explained in the following hypothetical examples.

[Example I]

If the 7th annuity of an invention patent was not paid by its original due date (June 30, 2019), the 6-month grace period would be from July 1, 2019 to December 31, 2019. The 7th annuity fee plus surcharge fine (based on the number of months after June 30, 2019) would have to be paid at the latest on December 31, 2019, in order to maintain the patent right without lapse, otherwise the patent would lapse on July 1, 2019.

[Example II]

If the above 7th annuity fee and its surcharge fee were not paid by December 31, 2019, the invention patent would expire on July 1, 2019. To restore the patent right, the patentee would have to pay triple the amount of the 7th annuity fee no later than December 31, 2020.

Under the above Example II, the next 8th annuity of the same patent would be paid by June 30, 2020. If the patentee filed a patent restoration request by paying the 7th annuity fee and its surcharge fee, say on July 31, 2020, the patentee would also have to pay the 8th annuity fee at the same time. For official fees of 7th annuity and 8th annuity each at TWD8000 for an invention patent, the total official annuity fees to be paid are as follows:

7 th annuity fee, tripled	TWD24000 (= TWD8000 X 3)
8 th annuity fee	TWD8000
Total	TWD32000

The patentee can file the patent restoration by stating that the failure to pay the annuity fee was unintentional, and it is usually not required to submit any document as evidence. Basically, a patent restoration has to be filed by the patentee, or the patentee must appoint a patent agent in charge of patent annuity and restoration by submitting a special power of attorney in order to file the said patent restoration.