

## THAILAND

## Patent Revival after Missed Annuity Payment

Experienced Thai patent agents know that obtaining a Thai patent can be time consuming, especially as a patent application may spend most of the patent term (which begins on the filing date) pending grant. Once patent rights have been won, the patentee must be vigilant not to let the patent lapse due to non-payment of the annuities.

The patentee or annuity service provider may miscalculate the annuity payment deadline, often because of different laws in multiple jurisdictions with which the patentee must contend. To maintain the patent through the timely payment of annuity fees, a patentee may retain a patent agent or annuity service provider knowledgeable of the local regulations to make the payments on the patentee's behalf.

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Annuities are required to be paid only once a patent has been granted. At the beginning of the fifth year from the filing date, the first annuity (called the "5th annuity") is due; if the patent has not yet been granted, the accumulated annuities must be paid within 60 days from the date of grant of patent. For ordinary annuities, payment must be made within 60 days from the due date (i.e., each anniversary of the filing date). Also, patentees must pay a 30% surcharge on late payment of another 120 days calculated after the first 60-day period. Bulk payment is permissible only when a patent has taken more than five years to issue. The Director-General of the Department of Intellectual Property will revoke patents for which payments have not been made within the allotted deadline or extension period.

According to Section 43 of the Thai Patent Act, if the annual fee and late fee are not paid by the deadline, the Director-General will submit a report to the Board of Patents (Board) to revoke the patent. The patentee may file a petition to the Board within 60 days of receiving

notice of the revocation to request an extension. If the Board rejects the request for extension, the patentee can file an Appeal to the Central Intellectual Property and International Trade Court within 60 days from the receipt of the notification; otherwise, the Board's decision is final.

The petition for cancellation of the withdrawal order must cite compelling unexpected circumstances which prevented the patentee from paying the annuity fee by the deadline. The patentee has the burden of proving that the failure to pay was unintentional. The Board will often reinstate a lapsed patent if it finds miscommunication between the patentee and its agents occurred, including providing the wrong annuity payment deadline or wrongly believing or conveying that another agent is handling the payment. Citing miscommunication as a reason for non-payment of the annuity must be done with great care, as the Board will not accept a patentee's claim that he did not know the deadline or could not contact his agent. If non-payment was due to negligence on the part of the patentee or its Thai agent, then reinstatement is not assured.

The Board's Decision No. 1/2551, rendered in January 2008, provides a key example of how demonstrating legitimate miscommunication can lead the Board to cancel its decision to withdraw a patent. Initially, the Board had decided to withdraw Thai Patent No. 21140 due to non-payment of the annuity fees. However, the Board concurred with the appeal petition that miscommunication had taken place regarding the terms of the contract between the patentee and the annuity service provider. The terms stipulated that after the patent was granted, the annuity service provider was responsible for paying the annuity fees with the exception of the back payments of the annuity fees, which the patentee was obligated to make separate arrangements with the annuity service provider or local agent to pay on its behalf. The patentee proved that he had not ignored the deadline but had in fact attempted to contact the provider and local agent via facsimile to request them to pay the fees, and subsequently believed that the accumulated annuities had been paid and that no other payments were due. In this case, non-payment of the accumulated annuities was due to ac-



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tual miscommunication between the local agent, annuity service provider and patentee. The Board rendered its decision approving the extension of time to pay the annuity fees.

According to the Board's records, it issued 1,153 instructions for the withdrawal of patents in 2009 due to non-payment of annuities. Patentees submitted a total of 180 petitions for cancellation of the withdrawal order. The Board approved the extension of time to pay the annuity fees in all 180 cases, demonstrating the Board's leniency. This leniency can be attributed to the Department of Intellectual Property's desire to encourage Thais and foreigners to seek patent protection, which in turn will likely promote investment in the country. Although the Board usually renders a decision favorable to the patentee, to avoid the painful and expensive process of reviving a revoked patent, patentees should do their best to master the annuity payment deadlines, whether or not they have employed an annuity service provider to pay them.

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