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TIPLO News

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This news mail distributed in Japanese and English from time to time provides updates on the development of law in Taiwan with focus on intellectual property rights law. For more information about the status of intellectual property right protection and practice in Taiwan, please visit our website www.tiplo.com.tw

Topics in this issue

E170112Y1
E170111Y1

01 MediaTek makes top 100 global innovators list for three consecutive years

Clarivate Analytics (formerly the Intellectual Property & Science Business of Thomson Reuters) announced the 2016 Top 100 Global Innovators list on November 11, 2016. There are a total of 39 companies and institutions in the Asia Pacific region named to the list, including Japan, South Korea, Taiwan, and China. Taiwan-based MediaTek has been recognized as an innovative company for three consecutive years of 2014, 2015, and 2016.

Now in its sixth year, the 2016 Top 100 Global Innovators report reveals a prominent change in strategy of the global top innovators; that is, the volume of patent applications filed has decreased, while the rate of grant has increased. Besides, the surge in R&D spending shows these innovators' emphasis on and commitment to quality, instead of quantity for new inventions commercialization.

The companies and institutions named on the list had generated TWD4 trillion for revenue in 2015 and spent more than TWD227 billion on R&D aspects. On average, the 2016 Top 100 Innovators had spent 9.1% more in R&D aspect than that of the S&P 100. (January 2017)

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E170110Y1

02 IBM stays top on the 2016 US patent recipients ranking

The US saw a total of 304,126 patent grants throughout the year of 2016, the most on record, and IBM again holds the No. 1 slot, at which it has stayed for 24 consecutive years.

According to IFI Claims Patent Services' statistics, IBM acquired 8,088 patents in 2016, up 9.97% (733 patents) over 2015, the most patent counts ever in a single year.

The top five companies that accounted for the most US patents in 2016 are the same ones that dominated the 2015 ranking of top patent recipients. Close on No. 1 IBM's heels, Samsung remained at No. 2 with 5,518 patents, followed by Japan-based Canon which earned 3,665 patents at No. 3. Qualcomm also held onto its position at No. 4 with 2,897 patents, and Google chased closely behind at No. 5 with 2,835 patents. Taiwan-based TSMC broke into the top 10 listing at No. 9 with 2,288 patents.

IFI stated that Asian companies have been motivated to earn more and more US patents, while US companies have not been lagging behind. On the contrary, Japan indeed saw its sluggish growth in 2016. Among the top 50 US patent recipients, US companies and Japanese companies accounted for 17 slots, respectively. Asian companies, however, occupied 26 slots. (January 2017)

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E170121Y2

03 Local company receives prison sentence for infringing the three character mark "别蚊我"

Shin Lai International Industry Limited Company (Chinese: 新錸國際實業有限公司; hereinafter "Shin Lai") has sold mosquito trap products under the Chinese product name, *"新錸家居" 別蚊我—無線滅蚊神器"* (hereinafter the "product name in dispute") on TV shopping channels and online shop websites since April 2016. US Baby (Taiwan) Co., Ltd. (hereinafter "US Baby Taiwan"), the holder of the registered three-character mark **"別蚊我"**, brought this matter to the New Taipei District Prosecutors Office on the ground that the product name in dispute would cause consumers' confusion and form a mistaken belief that the product sold under the product name in dispute is manufactured and sold by US Baby Taiwan. US Baby Taiwan further successfully had the responsible person of Shin Lai indicted. New Taipei District Court sentenced the responsible person of Shin Lai to 5-month imprisonment for trademark infringement, which may be commuted to a fine payment in an amount of TWD150,000. This case is appealable.

US Baby Taiwan stated that its registered mark **"別蚊我"** is original and unique due to the following reasons. The registered mark **"別蚊我"** consists of three Chinese characters and the pronunciation thereof carries a meaning *"Do not kiss me"*, because the second Chinese character thereof, "蚊" (meaning "mosquito") has the same pronunciation with that of another Chinese character, "吻" (meaning "kiss"), and the word replacement of "吻" with "蚊" successfully makes the mark as a whole have high distinctiveness. Moreover, as the product name in dispute is used for mosquito trap products which are similar to the designated products of the registered mark, namely mosquito repellent patch and anti-mosquito medicament products, US Baby Taiwan, after sighted Shin Lai's use of the product name in dispute in May 2016, immediately requested Shin Lai to stop using the product name in dispute on shopping platforms that is similar to its registered mark **"別蚊我"**.

The responsible person of Shin Lai, Zhan, alleged that what they sells are mosquito trap products which are absent from the list of the designated products of US Baby Taiwan's registered mark. He also defended himself by arguing that the products of Shin Lai are sold under their own trademarks and the combination of the three Chinese characters, *"別蚊我"* (literally meaning "no mosquito bites") as part of the product name in dispute is not used as a trademark, but an indication and description of the function of such mosquito trap products. In one word, it is a bona fide use.

According to the reasoning of the New Taipei District Court judgment, US Baby Taiwan has used its **"別蚊我"** mark for its herbal mosquito repellent spray products and has also spent millions in advertisements and in celebrity spokesperson endorsement as promotion since its registration in 2012 and 2013. Due to the foregoing efforts, the mark has acquired inherent distinctiveness and has been commonly and widely recognized by consumers.

However, Shin Lai, for promoting its mosquito trap products on shopping platform, uses and includes the three Chinese characters *"別蚊我"* as a conspicuous part of its product name in dispute and causes them to stand out among the other words of the product name in dispute by leaving space or adding punctuation before or after it. Such word arrangement is able to cause consumers to see the three Chinese characters together as a mark identical to US Baby Taiwan's **"別蚊我"** mark. In this regard, it is reasonable to sustain the likelihood of Shin Lai's taking a free ride on the high reputation of US Baby Taiwan's **"別蚊我"** mark, and therefore, the responsible person of Shin Lai is imposed with 5-month jail sentence, which may be commuted to a fine payment of TWD150,000. This case is appealable. (January 2017)

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E170107Y2
E170106Y2

04 Local famous restaurant's registration application for "宜蘭渡小月" mark denied

A well-known restaurant in Yilan Taiwan, known for its state banquet dishes, filed an application with Taiwan IPO for registering its five-character Chinese mark, "宜蘭渡小月" (hereinafter the "proposed mark") in November 2013 and further filed for division of the said application into two in October 2014 with the proposed mark being designated for use in services of restaurants and hotels. Taiwan IPO examined the application and decided that the proposed mark is unregistrable on the grounds that the proposed mark is similar to the registered mark "度小月" owned by a restaurant in Tainan (hereinafter the "度小月" mark and the "Tainan restaurant") and the two marks in dispute are designated to be used on similar services, and that such similarity will cause confusion. The restaurant applicant filed an appeal with the Ministry of Economic Affairs (MOEA) out of the dissatisfaction with Taiwan IPO's denial of its application and this appeal also turned unsuccessful. To seek a reverse result, the restaurant applicant instituted administrative proceedings, and the IP Court rendered a judgment unfavorable to the restaurant applicant. This case is still appealable.

According to the restaurant applicant, the restaurant name "宜蘭渡小月" has been used since the restaurant was opened in 1968 which is earlier than the registration time of the "度小月" mark owned by the Tainan restaurant, and the long-term use of the restaurant name "宜蘭渡小月" can substantiate its bona fide use and the absence of its intentional imitation. In addition, the proposed mark consists of the first two Chinese characters "宜蘭" which is a geographical name of Yilan of Taiwan and the other three Chinese characters, "渡小月", and the part of "宜蘭" is to carry a message that the restaurant applicant provides dishes or services characterized by the local flavor of Yilan, Taiwan. Also, the restaurant applicant indicated the differences between their restaurant and the Tainan restaurant in their respective market position and pricing that the restaurant applicant serves mainly middle and high-priced Taiwanese set meals as opposed to the traditional Tainan local dishes or street food of fair prices offered by the Tainan restaurant. Besides, in the activity held by the Department of Commerce under MOEA, the restaurant applicant, 宜蘭渡小月 and the Tainan restaurant were respectively described as the must-visit restaurant located in the eastern and southern part of Taiwan. The fact of the long-term coexistence of the proposed mark "宜蘭渡小月" and the Tainan restaurant's "度小月" mark should affirm the unlikelihood of confusion on the market.

The IP Court, however, did not side with the restaurant applicant with respect the foregoing alleged differences but shed light on the similar appearance and pronunciation shared by and also the similar literal meaning and concept carried by the three Chinese characters of two marks in dispute, namely "渡小月" and "度小月" (the part of the two marks in dispute that impresses consumers most, whose Chinese literal meaning is enduring the slack months or off seasons). Another similarity lies in the fact that the two marks in dispute are both designated for use in the services of restaurants and catering stores, which is likely to form a mistaken belief among consumers that the two marks are of the same source. Also, the IP Court negated the alleged long-term coexistence of two marks in dispute because the store signboard of the restaurant applicant carries the three Chinese characters "渡小月", instead of the proposed mark "宜蘭渡小月". Moreover, the time of application and grant of filing of the Tainan restaurant's "度小月" mark is much earlier than that of the

proposed mark. Based on the foregoing holding, IP Court dismissed the restaurant applicant's proceedings. (January 2017)

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E170105Y2

05 IP Court: NuBra mark famous and distinctive enough to be protected from infringement

In regard to the matter that Hon Sung Chun Industrial Co., Ltd. (Chinese: 宏昇昌實業有限公司; hereinafter "Hon Sung Chun") and Primaeval International Co., Ltd. (hereinafter "Primaeval") used the words "*NU BRA*" and "*NUBRA*" on invisible bra products and sold them online, Taiwan IP Court ruled and determined that the two companies infringed upon Taiwan Nubra Co., Ltd.'s (hereinafter "Taiwan Nubra") trademark rights, and that the two companies should pay to Taiwan Nubra TWD300,000 and TWD200,000, respectively, in damages. This judgment has become final.

Taiwan Nubra is the right holder of the **NuBra** drawing and the **NuBra** mark, both of which are designated for use on such products as bra, pyjamas, and bra cup and have been recognized as well-known trademarks after having been widely marketed and used for a long time. Hon Sung Chun and Primaeval, however, used the words "*NU BRA*" and "*NUBRA*" on invisible bra products for selling them online, by which use the two companies indeed constituted trademark infringement.

Hon Sung Chun alleged that the word "*NuBra*" is a general term referring to invisible bra, and they have made specific indication of "*方妮Fani*" as product source on the website. By so doing, Hong Sung Chun does not hold the intent to take a free ride on Taiwan NuBra's **NuBra** mark and would not cause consumers confusion accordingly.

Primaeval made similar defensive argument that they used the "希蜜習兒" mark and "SYNNETRY" mark, and they did not use the word "*NuBra*" nor use it as a trademark, and also that the **NuBra** mark has become a code word for invisible bra products and is barely distinctive and therefore it is not a well-known trademark.

According to the IP Court judgment, the word "*bra*" of the **NuBra** drawing and the **NuBra** mark means "brassiere" which is related to the designated products of the **NuBra** mark. In addition, the search results of the word "*nu*" given by the online dictionary provided by Taiwan NuBra show that the word "*nu*" has 104 different meanings including "nude" among them, and that the word "*nu*" is not a commonly-known word; in that regard, consumers would have to get the message carried by the word "*nu*" by imagining, thinking, feeling, and inferring. Foregoing reasoning makes it reasonable to conclude that the **NuBra** drawing and the **NuBra** mark have inherent distinctiveness. By using the words "*NU BRA*" and "*NUBRA*" similar to the **NuBra** mark, Hon Sung Chun and Primaeval evidently intend to cause confusion and take a free ride on the **NuBra** mark. Thus, the IP Court let stand the occurrence of infringement alleged against the two companies and ordered that Hon Sung Chun and Primaeval should pay to Taiwan Nubra TWD300,000 and TWD200,000, respectively, in damages. This judgment has become final. (January 2017)

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