

TAIPEI MAIN OFFICE

7th Floor We Sheng Building,
No.125, Nanking East Rd. Sec.2,
P.O.BOX 39-243, Taipei 10409, Taiwan
Tel: 886-2-2507-2811 • Fax: 886-2-2508-3711
E-mail: tiplo@tiplo.com.tw
Website: www.tiplo.com.tw

TOKYO LIAISON OFFICE

No.506 Lions Mansion ,
13-11, Shinjuku 2-Chome,
Shinjuku-ku, Tokyo 160-0022, Japan
Tel: 81-3-3354-3033 • Fax: 81-3-3354-3010

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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

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E170703Y1

- 01 New interview procedures for patent prosecution officially takes effect since July 1, 2017**

The new interview procedures for patent prosecution have come into force since July 1, 2017 and the *Operational Procedures for Patent Interviews* has also been

amended. Under the amended *Operational Procedures for Patent Interviews*, the interview attendee should submit a written request for interview to avoid some disputes that had been arising from unclear indications in the past years. In such written request, the interview attendee should indicate the issues to be discussed and explanations thereof to facilitate better communications between the examiners and the interview attendee in the scheduled interview. (July 2017)

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E170630Y1

02 Gigastorage ruled to pay more than TWD1 billion to Philips in DVD patent infringement case

The Taiwan IP Court handed down a second-instance judgment on the lawsuit filed by Royal Philips for asserting DVD patent infringement against Gigastorage, according to which Gigastorage should pay TWD1,039,500,000 to Royal Philips and the interest thereof accrued over the period from June 25, 2017 through the day when the aforesaid amount is paid in full and also one third of the litigation expenses incurred, as announced by Gigastorage on June 29, 2017.

Confronting the vast amount of monetary compensation which is a significant increased amount of the initial award of TWD10.5 million the IP Court determined in the first-instance judgment in March 2016, Gigastorage will lodge an appeal against the second-instance judgment. (June 2017)

/CCS

E170622Y1

03 “Guidelines for Handling Patent Applications Involving Traditional Intellectual Creations of Indigenous Peoples” enacted for indigenous peoples’ intellectual creations protection

According to Taiwan IPO, as the indigenous peoples of Taiwan have their specific intellectual creations of traditional religious ceremonies, music, dance, songs, sculptures, weaving, patterns, clothing, folk crafts or any other expression of the cultural achievements, the “Guidelines for Handling Patent Applications Involving Traditional Intellectual Creations of Indigenous Peoples” is specifically enacted to serve as examination reference of Taiwan IPO’s examiners when any proposed patent application involves indigenous peoples’ traditional intellectual creations so as to avoid overlooking the existing and published prior art during the process of examination, facilitate the consensus of points of views and also to demonstrate respect for indigenous peoples’ traditional cultures and protect their intellectual creations.

Examiners should use all kinds of retrieval tools to search the existence of prior art as possible as they can during examination process. In addition, they may seek assistance from the Council of Indigenous Peoples as a source of retrieval information for the ultimate purpose of protection of indigenous peoples’ intellectual creations. The above-mentioned “Guidelines for Handling Patent Applications Involving Traditional Intellectual Creations of Indigenous Peoples” has come into force since June 26, 2017. (June 2017)

/CCS

E170605Y3

04 Executive Yuan passes draft amendments to overhaul Taiwan Copyright Act

Taiwan Executive Yuan has convened five meetings to review and examine the Copyright Act amendment made and proposed by the Ministry of Economic Affairs. Now the amendment has been revised according to the conclusions adopted in the Executive Yuan's meetings, and the total number the articles after amendment will amount to 144, more than the original 117 articles before. Highlights of the amendment are summarized as follows.

1. Consolidation and clear-cut definitions of economic rights, such as, public broadcast, public transmission, public recitation, and public performance for adaptation to digital convergence;
2. Copyright ownership in case of works made for hire;
3. Provisions governing moral rights amended to enhance work distribution and exploitation;
4. Relevant regulations with respect to distribution right and rental right being amended more specifically for clarification;
5. Adjustment of protection for performers and sound recording;
6. Amendments of restrictions on economic rights;
7. New provisions concerning compulsory licensing and registration of pledge right over copyrighted works in case of the copyright owners thereof not being identified;
8. New regulations introduced to solve the victim's difficulties in calculating or proving actual damages;
9. Amendments of current border control measures;
10. Amendment and removal of out-of-date criminal regulations. (June 2017)

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E170701Y4

E170630Y4

05 Taiwan Supreme Administrative Court finds in favor of FTC in concerted action case against three leading industrial paper manufacturers

On May 5, 2010, Taiwan Fair Trade Commission (FTC) imposed administrative fines in the total amount of TWD10 million on three Taiwanese leading industrial paper manufacturers, Cheng Loong Corp. (Chinese: 正隆股份有限公司; hereinafter "Cheng Loong"), Long Chen Paper Co., Ltd. (Chinese: 榮成紙業股份有限公司; hereinafter "Long Chen"), and YFY Inc. (Chinese: 永豐餘工業用紙股份有限公司; hereinafter "YFY") for their joint manipulation of secondary cardboard price fixing throughout a period from November 2009 to March 2010. FTC decided that the three manufacturers' act of price manipulation constituted concerted action that is able to affect the supply-demand function in the local industrial paper market as defined in the 1st paragraph of Article 14 of the Taiwan Fair Trade Act and thus imposed an administrative fine on Cheng Loong (TWD5 million), Long Chen (TWD3 million), and YFY (TWD2 million), respectively, and the three manufacturers filed an administrative appeal against the FTC's decision and further instituted an administrative action against the FTC. After 7-year administrative proceedings, on May 25, 2017, the Taiwan Supreme Administrative Court rendered a judgment sustaining the FTC's decision that the three manufacturers' price manipulation indeed constitutes concerted action as defined in the Fair Trade Act. This judgment is final with binding effect.

As indicated in the Supreme Administrative Court's judgment, direct evidence is not
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the only basis for determining the existence of concerted action; indirect evidence and economics theories are also tenable for proving and determining the existence of agreement for concerted action. The Supreme Administrative Court's basis for such determination in this judgment is consistent with the FTC's practice of law enforcement with respect to concerted action in recent years, which will, therefore, serve as important reference in future legal practices. (June 2017)

/CCS

E170605Y4

06 Taiwan IPO holds public hearing for Trade Secrets Act amendment

To perfect trade secrets protection and integrate intellectual property developments, Taiwan IPO has formulated a collection of draft amendments to Trade Secrets Act and also held a public hearing on May 5, 2017 to seek comments with respect to the following three main issues: "prosecution for trade secrets misappropriation in a foreign jurisdiction may only be instituted upon a complaint", "unrecognized foreign corporations may file a complaint for trade secret misappropriation", and "confidentiality protective order may be issued during investigative proceedings". Participants at the public hearing actively gave their feedbacks and comments. Here is the current consensus reached in the public hearing.

1. Should prosecution for trade secrets-related offenses in a foreign jurisdiction only be instituted upon a complaint?

Participants at the hearing reached a consensus that trade secret offenses should remain subject to public prosecution due to practical factors and in consideration of the actual political and economic environment. The basis of their consensus is that the plea bargaining set forth in the current Witness Protection Act and the Taiwan Code of Criminal Procedure has brought the effect of "whistleblower protection" to achieve and fulfill the purpose of investigation and trial. Also, Taiwan-based enterprises are mostly small and medium sized companies that possess limited resources and need assistance from the prosecution and investigation authorities. Therefore, trade secret offenses should remain subject to public prosecution.

2. Can unrecognized foreign companies file a complaint against trade secret-related offenses?

In order to promote international trade and attract foreign investments by multinational corporations, participants from all sectors agreed to the introduced additions proposed by reference of Taiwan Patent Act, Taiwan Trademark Act, and Taiwan Copyright Act that unrecognized foreign companies may file a complaint against trade secret offenses to protect such companies' rights.

3. Can confidentiality protective order be issued during investigative proceedings?

Currently, confidentiality protective order is applicable only at trial proceedings according to Intellectual Property Case Adjudication Act, but is not applicable at the investigative proceedings. In this regard, participants from all sectors appearing at the public hearing all recognize and agree to the proposed addition that confidentiality protective order may be issued during the prosecutorial investigation proceedings so as to prevent second-time trade secrets divulgence during the prosecutorial investigation proceedings. In addition, participants at the public hearing suggested that Taiwan IPO should revise the amendments by reference of the instances of legislation for Intellectual Property Case Adjudication Act. Further, Taiwan IPO will

discuss with the Judicial Yuan and the Ministry of Justice on whether the availability of protective order should be added and incorporated into the Intellectual Property Case Adjudication Act or the Trade Secrets Act and whether the order should be issued by the judge or the prosecutor.

In addition to the aforesaid three main issues, participants at the public hearing also raised other relevant issues, such as, “non-disclosure of trade secrets in judgments on cases involving trade secrets offenses”, “employee poaching being a type of unfair competition”, and “difference between the offense of commercial and industrial secrets disclosure as set forth in the Criminal Code and the trade secrets related offenses as defined in Trade Secrets Act”. The Taiwan IPO will convey those comments to relevant divisions and departments for negotiation and handling. (June 2017)

/CCS

E170608Y5

07 Taiwan-Japan technical exchanges to enhance international connections for smart machinery

To step up promotion of smart machinery and foster Taiwan-Japan exchanges and business opportunities in smart manufacturing industries, the Smart Machinery Promotion Office co-hosted the 2017 Taiwan-Japan Smart Manufacturing Forum at the Tokyo Big Sight on June 8, 2017 as part of the 2017 JPCA Show. At the Forum, Taiwan's Smart Machinery Promotion Office and Japan's Mitsubishi Electric signed a memorandum of understanding to facilitate cooperation between domestic smart machinery firms and Mitsubishi's e-F@ctory and more opportunities for Taiwan-Japan collaboration in developing smart machinery application software, and ultimately to establish Taiwan-Japan alliance in form of the best partnership in expanding their global smart manufacturing market.

In response to the rising smart manufacturing development around the world, Taiwan has been launching the “Smart Machinery Industry Promotion Program” since 2016 with three primary strategies of “connection with the local industries”, “connection with the future”, and “connection with the international world” to enhance industrial development. In addition to combining capabilities of the industry, the government, and the academia, this Program puts more emphasis on the international exchanges with the smart machinery industries in Europe, the US, and Japan.

The output value of Taiwan's PCB industry approximately amounted to TWD565.6 billion in 2016, equivalent to 30.2% share of the global market. In this regard, the Taiwan government has included the PCB industry as one of the priorities in smart manufacturing promotion program. Also, a national PCB smart manufacturing alliance has been forged and PCB smart manufacturing platform and uniform equipment communication protocols have been established. The foregoing is to form Taiwan's system integration abilities in PCB smart manufacturing and to conduct technology exchanges with Japan's SI firms (e-F@ctory alliance). (June 2017)

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台灣國際專利法律事務所

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