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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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E190426Y1

01 Taiwan IPO grants the National Invention and Creation Award to outstanding inventions for 2018

As reported in Taiwan IPO's press release, after discreet and thorough review and examination for four months, a total of 41 outstanding patent entries were selected to win six golden prizes, twenty silver prizes in the invention category, and five golden prizes and ten silver prizes in the creation category for the 2018 National Invention and Creation Award held by Taiwan IPO, and these prizes were awarded on April 26, 2019. Most of the winning patents have been commercialized along with market potential and immense commercial opportunities. Patent commercialization would contribute to economic beneficial results for innovation protection.

The prize winning patents involves technologies of photoelectric liquid crystal, information and communication, biopharmaceutics, medical appliances, textile, smart machinery, circular ecology, and so forth. They fulfill the needs of the industries of Taiwan, carrying not only novelty, high practical value, but also immense market potential.

1. Semiconductor optoelectronics to build superiority with technology

Semiconductor is a significant industry that pushes forward the economic development of Taiwan and also stands as an industry in which Taiwan people take pride. Likewise, with sustained innovation and breakthrough, photoelectric industry has also been stepping up industrial growth in Taiwan. In invention category, the winning invention "Controllable optical device and the forming method thereof" makes use of high resistance material layer in semiconductor to bring about the effect of gradient partial pressure, forming a gradient electric field to control the alignment of liquid crystal molecule and ultimately to create outstanding focusing quality. At the same time, the manufacturing process is completely compatible with the current TFT-LCD, applicable to liquid crystal lens of all kinds of modes and sizes, such as, light field floating display, 3D endoscope, and AR glass. Carrying immense market potential, this invention has been transferred to many suppliers in the photoelectric industry under technology transfer contract.

In optical measurement category, the winning patent "Spectrometer, manufacturing method for waveguide of spectrometer and structure thereof" presents the first-ever technology that uses silicon wafer waveguide used in spectrometer for semiconductor and microelectromechanical technology to solve the problems of polishing, cutting, assembly positioning, and mass production and increase yield rate up to 95% and also reduce manufacturing cost at the same time. This technology goes ahead in its industry to forge and sustain its superiority over its competitors on the market.

2. Biopharmaceutics to demonstrate eminence with research and development

As one of the "5 plus 2" industries under the "5 plus 2" industrial innovation development program, biomedical industry spurs economic growth and attends to people's health and welfare by boosting industrial upgrading with continued research and development. Also in invention category, the winning patent titled "Pharmaceutical compositions of carotenoid" is a botanical drug consisting of carotenoid extracted from tomatoes for treating prostate hyperplasia in males and is undergoing the phase III clinical trials both in Taiwan and the US. It has significant market potential because it will be the first new oral botanical medication indicated for the treatment of prostate hyperplasia after its drug marketing approval has been granted.

Another winning patent titled “Quinoxaline compounds, method for preparing the same and use thereof” can effectively contain the activity of the RAF kinase through the structure of quinoxaline derivatives to selectively kill cancer cells with mutated BRAF *gene*. Tumor growth can be evidently suppressed with low-dose oral administration. The winning patent has its competitiveness in international market and is worth being developed as its *in vivo* and *in vitro* anti-cancer activity and safety are both superior to Vemurafenib and Dabrafenib. Successfully put under technical licensing and approved for IND application by the US FDA, this patent will work with companion diagnostic reagents to serve as a more effective and safer precision medicine for treatment of cancer patients with BRAF mutation.

3. Smart machinery to bring about advancement with innovation

In the past few years, the Taiwan government has been actively promoting “smart machinery”, introducing intelligent technologies and create new ecology of smart machinery industry based on the outcome of precision machinery development and the energy of information and communication technology. Also in invention category, the winning patent titled “Method for predicting machining quality of machine tool” is capable of real-time prediction of product quality, machine efficacy monitoring, and manufacturing process improvement with AVM (automatic virtual metrology) system, so as to avoid serious loss. This technology uses intelligent system to produce good performance of machinery to largely enhance industrial competitiveness.

Moreover, another award winning patent titled “Automatic solar tracking adjustment/control apparatus of solar generation system” in machinery category uses cross dual axis, steel cable, pulley, and reel to enable solar panel to rotate almost by 180 degree by revolving around X and Y axis with a $\pm 0.5^\circ$ minor drive motion for solar tracking. This invention is able to perform solar tracking and receiving at the biggest angle, largely increase electrical efficiency and grid utilization rate with earthquake-proof and wind-proof capability concurrently. This invention has been patented and winning awards in more than 40 countries around the world. Also, it has been practiced and utilized and well recognized in Taiwan and also in other countries. This invention demonstrates the strong performance of intelligent invention. (April 2019)

Attorneys-at-Law /CCS

E190410Y2

02 The Hershey Company wins a trademark battle against Taiwan Kaiser Foods Industrial Co., Ltd. in Taiwan

For the trademark infringement lawsuit filed by The Hershey Company (“Hershey”) against Taiwan Kaiser Foods Industrial Co., Ltd. (“Taiwan Kaiser”), the Taiwan IP Court rendered a judgment favorable to Taiwan Kaiser in the first instance proceedings in September 2017. Hershey thus appealed this case to the superior court and the appeal successfully reversed the first-instance judgment to have Taiwan Kaiser’s infringement sustained.

According to the IP Court judgment in the second instance proceedings:

1. There is a high likelihood of consumers confusion between Hershey’s chocolate products and Taiwan Kaiser’s on the ground that consumers will not pay high degree of attention to inexpensive products at a convenient store.
2. For the product in dispute No. 1-1 and No. 1-2, both of their packaging bags have a dark-colored and teardrop-shaped device as the background and capital English

letters combination in white at the bottom and small English letters combination on top. These bigger letters begin with a capital *K* and end with “S” and the other letters include “I”, “S”, and “E”. The bigger and smaller letter combinations of both product in dispute No. 1-1 and No. 1-2 are of similar length. Each product in dispute No. 1-1 and No. 1-2, if viewed overall as a whole, share similar packaging and trademarks (as shown in the table below).

In addition, for the product in dispute No. 2-1 and 2-2, their respective word mark, “KAISER’S” and “HERSHEY’S” is both presented in capital letters and bold font in similar word length without special artistic design. Also, their second syllables begin with “S”, while the script type of “S” in “KAISER’S” is similar to that of “H” in “HERSHEY’S” and they both ended at “S”. Likewise, “KAISER’S” and “HERSHEY’S” are similar if viewed as a whole (as shown in the table below) .

3. As a competitor of Hershey in the same industry, Taiwan Kaiser should have paid more attention to the information regarding its competitors than consumers. Since its establishment in 1894, Hershey has been using the **HERSHEY’S** mark on its products sold around the world and has also started using the same mark in Taiwan since 1974. Incorporated in 1977, Taiwan Kaiser’s using its mark KAISER’S, however, is much later than Hershey’s use of the **HERSHEY’S** mark, which makes it reasonable to conclude that Taiwan Kaiser had known about Hershey’s use of the **HERSHEY’S** mark, and such a conclusion makes it clear that Taiwan Kaiser does not use its KAISER’S mark in good faith.

4. Taiwan Kaiser has successfully and successively registered three trademarks since 1977. However, the comparison between their three registered trademarks and the other three actually used on Taiwan Kaiser’s products reveal a fact that Taiwan Kaiser transformed the three registered ones by changing and taking part of them and then piecing up the three marks they actually use on their products, a fact demonstrate Taiwan Kaiser’s taking a free ride on Hershey’s business reputation. (April 2019)

<p>Product in dispute No. 1-1</p>  <p>Hershey's (Hershey's Kisses chocolates)</p>	<p>Product in dispute No. 1-2</p>  <p>Taiwan Kaiser (Kaiser's chocolates in bite-sized pieces)</p>
<p>Product in dispute No. 2-1</p>  <p>Hershey (milk chocolate bar)</p>	<p>Product in dispute No. 2-1</p>  <p>Taiwan Kaiser (milk chocolate bar)</p>

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E190410Y2

03 Local famous Xiao Nan Men Food & Tofu Pudding store pays TWD1.27 million for trademark infringement

The owner of Fool's Noodles (Chinese: 小南門福州傻瓜乾麵), Huan Yu Co. (transliterated from 寰宇麵食館有限公司; hereinafter "Huan Yu") initiated a civil action against the owner of Xiao Nan Men Traditional Food & Tofu Pudding (transliterated from 小南門傳統豆花), Xiao Nan Men Food Co. and Xiao Nan Men Catering Co. (transliterated from 小南門食品有限公司 and 小南門餐飲有限公司; hereinafter "Xiao Nan Men Co.") to allege trademark infringement against Xiao Nan Men Co. and also claim damages against Xiao Nan Men Co. in an amount of TWD69.84 million. Taiwan IP Court heard this civil case and ruled in favor of Huan Yu that Xiao Nan Men Co. shall pay TWD1.27 million to Huan Yu and be prohibited from using any mark identical or similar to Huan Yu's "小南門" mark and device (hereinafter "Huan Yu's mark") on the ground that Huan Yu's mark had already been duly registered and there is a likelihood of consumers confusion because of the high similarity between Huan Yu's mark and the mark used by Xiao Nan Men Co.

Huan Yu and its responsible person have been holding Taiwanese registrations for the "小南門福州傻瓜乾麵" mark and also several marks consisting of an ancient gate tower and the three Chinese characters "小南門". Based on the facts that Xiao Nan Men's mark is very similar to Huan Yu's mark and the registration time of it is later than that of Huan Yu's mark, Huan Yu filed the civil lawsuit against Xiao Nan Men Co. to claim damages and request for Xiao Nan Men Co.'s cease in using any mark identical or similar to Huan Yu's registered marks, even though Xiao Nan Men Co. used its mark in tofu pudding product. As a matter of fact, Xiao Nan Men Co. uses its mark also on other products out of the coverage of its designated ones, such as on pastry products, stuffed dumplings, steamed dumplings, all kinds of rice and noodles, soups, stir-fries.

Xiao Nan Men Co. denied the trademark infringement alleged against it, either out of intention or by negligence, arguing that their store, Xiao Nan Men Traditional Food & Tofu Pudding, has already been recognized as the most famous local snack food supplier since their establishment early more than thirty years ago, and thus Xiao Nan Men Co. has acquired their independent trademark distinctiveness and business reputation for Xiao Nan Men's mark. Xiao Nan Men Co. also tried to clear the accusation that they used their mark for products out of the designated goods of Xiao Nan Men's mark.

The IP Court established and sustained Xiao Nan Men Co.'s trademark infringement on the grounds that (1) Huan Yu's mark and Xiao Nan Men's mark are slightly different in word font and design only, as opposed to their high similarity in overall appearance, concept, and pronunciation, (2) consumer confusion is likely to occur due to their similarity in the products the two marks are used, which are lunch box and noodles with homemade sauce, and also their similarity in ingredients and function, even though Xiao Nan Men Co. has added such descriptions as "點心世界" (meaning "snack world" in English) and "傳統美食" (meaning "traditional fine food" in English) that do not specify any kind of food, and (3) registration of Huan Yu's mark is earlier than that of Xiao Nan Men's mark and Huan Yu's mark has acquired its distinctiveness after its long-term use. This decision is appealable. (April 2019)

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E190401Y4

04 IP Court affirmed judgment favorable to ASE in trade secret infringement case

Advanced Semiconductor Engineering Inc. (“ASE”) entrusted the manufacture of clean room suits (shoes) to Hugeteck Co., Ltd. (“Hugeteck”) in August 2013 with a non-disclosure agreement executed by and between them. Unexpectedly, ASE found that Hugeteck’s responsible person, Chen, filed patent application for ASE’s trade secrets and thus sued Hugeteck and Chen. During the first instance proceedings, Taiwan Ciaotou District Court heard this case and found Chen’s argument inadmissible that the clean room suits (shoes) were a result of his own idea and design, and therefore, imposed a penalty of TWD2 million on Hugeteck and 18-month prison sentence on Chen for violation of Trade Secrets Act. Hugeteck appealed this case to the appellate court, the IP Court, which then imposed a TWD1.8 million penalty on Hugeteck and sentenced Chen to imprisonment for 14 months and also granted 3-year probation on Chen for their violation of Trade Secrets Act, in view of the fact that ASE and Chen reached a settlement with Chen to have transferred the relevant patent to ASE without seeking considerations and proposed a damages payment of TWD3 million.

As addressed in the IP Court judgment, Chen had access to the design concept of the clean room suits (shoes) as a result of Hugeteck’s cooperation and NDA execution with ASE in August 2013. Subsequently in September and October 2013, Hugeteck failed ASE’s second inspection on the clean room suits (shoes) samples, for which ASE provided the sample of another supplier. Hence, Hugeteck had access to the knowledge regarding the overall design and sewing method of the clean room suits (shoes).

Further in December 2013, Hugeteck’s samples still failed ASE’s inspection for the third time. After the inspection failure in December 2013, Hugeteck, through ASE’s employees, had access to the trade secrets with respect to the conduction band design, static resistance, manufacturing drawing of the wrist and ankle of the clean room suits (shoes), the materials of webbing, and zipper and sewing method, etc. in April 2014. In May 2014, Hugeteck announced that they pulled out of the purchase project of clean room suits (shoes) due to its successive failure in the sixth inspection. Subsequent to Hugeteck’s withdrawal, Chen, however, filed patent application with Taiwan IPO and successfully acquired two patents for “Conductive webbing-connecting one-piece type clean room garment” and “Conductive webbing-connecting clean room shoes” in September 2014. ASE was informed of Hugeteck’s success in patent application and thus filed a lawsuit against Hugeteck and Chen.

The IP Court ruled against Chen on the ground that Chen, for seeking illegal profits, had access to and took advantage of ASE’s trade secrets to successfully acquire a patent with clear knowledge that the clean room suits (shoes) orally described and presented to him by ASE’s employees and relevant emails and other information related thereto he had access to carried their economic value and confidentiality and were kept confidential by necessary measures as ASE’s trade secrets. Probation was granted to Chen in view of his settlement with ASE. (April 2019)

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