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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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01 Chongqing HKC Optoelectronics's defeat in patent infringement lawsuit against Innolux subsidiary in China

Innolux Corporation (hereinafter "Innolux") published a news release to the effect that on May 21, 2019, its subsidiary, Ningbo Innolux Optoelectronics Ltd. (hereinafter "Hingbo Innolux") received an examination decision on request for invalidation with respect to two Chinese patents No. ZL201611179077.5 and ZL201720606454.2 issued by the National Intellectual Property Administration, PRC (CNIPA). According to this decision, the two Chinese patents Chongqing HKC Optoelectronics Technology Co., Ltd. (hereinafter "Chongqing HKC") holding as co-patentee are held invalid. Hence, the five Chinese patents based on which Chongqing HKC claimed infringement against Ningbo Innolux at the Chongqing No. 5 Intermediate People's Court are all held invalid.

As a result of invalidation of the Chinese patents in question, Chongqing HKC lost the legitimate basis to assert its patent rights in the patent infringement action pending at the Chongqing No. 5 Intermediate People's Court, and therefore, Chongqing HKC will be ordered to withdraw its action or the action will be dismissed accordingly. Innolux indicated in the press release that this lawsuit does not cause any financial or operational risk nor any influence detrimental to Innolux. Chairman of Innolux, Jim Hung said that this lawsuit sets a significant milestone for IP-related lawsuit judgments for Taiwan and China, demonstrating the concurrent and bilateral effects of investment and IPR protection. (May 2019)

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02 Taiwan IP Court clears Starbucks Taiwan of infringement allegation by the Starbucks Cookie Straws

Starbucks Taiwan (run by Uni-Wonder Corporation; "Uni-Wonder") launched a Frappuccino flavor, Espresso Bianco Frappuccino with cookie straw with an edible straw, Cookie Straw going with every Frappuccino purchase. However, a man surnamed Chiang, accused Uni-Wonder of infringement by the Cookie Straw. Chiang pinpointed that Starbucks' Cookie Straw is similar to his utility model patent titled "edible straw" granted in 2014, in external design, wording for marketing, and functions advertised, and thus he sued Uni-Wonder over infringement and claimed damages in TWD1 million. The IP Court ruled in favor of Uni-Wonder in the first instance proceedings to clear the infringement allegation against Uni-Wonder, and Chiang appealed this case to the appellate court in the second instance proceedings.

According to the IP Court judgment, the edible straw designed by Chiang consists of starch-based rolled substance and two layers of edible gum. The starched-based rolled substance is a hollow tube consisting of several overlapping starched-based layers with edible gum fully covering the starch-based rolled substance on its internal and external appearance. Two layers of edible gum coating are to avoid the starched-based rolled substance from softening and damping. The combination of the edible gum and the starch-based substance not only generates no waste but also brings convenience because of their edibility. Starbucks Cookie Straws are rolled biscuits lined on the inside with chocolate ganache that is able to simply prevent the biscuits from damping and softening. Besides, Starbuck Cookie Straws do not contain the edible gum layer that will appear after baking nor does it have the function of Chiang's edible straw that no external packaging is required at all. Therefore, the IP Court held that Chiang's edible straw and Starbucks' Cookie Straws are not

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03 Fox Networks and National Geographic Channel loses music licensing lawsuit

Bigin Music Inc. (大英音樂有限公司; hereinafter “Bigin”) and the other sixteen copyright owners initiated a civil action against Fox Networks Group Asia Pacific Limited, Taiwan Branch (hereinafter “FNG Taiwan”) and NGC (National Geographic Channel) Network Asia, LLC, Taiwan Branch (hereinafter “NGC Taiwan”) to seek damages payment from FNG Taiwan and NGC Taiwan for their broadcasting advertising music without paying royalty. Taiwan Taipei District Court ruled that FNG Taiwan and NGC Taiwan shall pay TWD5.73 million and TWD0.85 million, respectively, in damages.

Plaintiffs asserted that after many years of their cooperation in advertising music licensing by contract, unexpectedly FNG Taiwan and NGC Taiwan did not renew the contract with plaintiffs and refused to pay the royalty payable in 2015 upon expiration of their contract in 2014. After that, for a period beginning from 2015 through June 30, 2016, FNG Taiwan and NGC Taiwan had continued using the advertising music without plaintiffs’ consent or authorization, for which plaintiffs requested with the court for FNG Taiwan’s and NGC Taiwan’s payment of royalty.

According to the judge’s reasoning, there has been no contractual relationship for advertising music licensing by and among FNG Taiwan, NGC Taiwan, and plaintiffs since December 31, 2014. In that circumstance, FNG Taiwan’s and NGC Taiwan’s act of broadcasting the advertising music in question on their own channels, without plaintiffs’ consent or authorization, throughout the period from 2015 through June 30, 2016, should be held infringing the economic rights in and to the musical advertising works in question. Judging from the frequency and unit price with respect to music broadcasting, the judge assessed and ruled that FNG Taiwan and NGC Taiwan shall indemnify plaintiffs with FNG Taiwan paying TWD5.73 million to the 17 plaintiffs and NGC Taiwan paying TWD0.85 million to 15 of them. This case is appealable. (May 2019)

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E190508Y9

04 Taiwan economic crime rates drop by 1.7% in 2018

As revealed in the statistics released by the National Police Agency, the Ministry of the Interior, the police agencies of Taiwan had uncovered a total of 6,900 cases involving economic crimes committed throughout 2018 with a 1.7% drop of 120 cases compared with 2017. Divided by types of crimes, the 6,900 cases mostly comprised IPR infringement occurrences in 4,316 cases (62.6%) and finance violation occurrences in 716 cases (11.0%), both of which accounted for 74% of the 6,900 cases. There was a fall of 216 cases in the number of IPR infringement cases, down 4.8% compared with year 2017.

Analyzed by the monetary amount, the amount involved in these economic crimes totaled up to TWD28.21 billion, representing a rise of TWD 10.43 billion from that of

year 2017, up by 58.7%. TWD14.45 billion (51.2%), namely half of the total TWD28.21 billion involved in economic crimes came from finance violation cases, while IPR infringement cases involved TWD 10.92 billion (38.7%). That is to say, the amounts involved in finance violation cases and IPR infringement cases accounted for almost 90% of the total amount involved. Also, the involved amount comparison between 2017 and 2018 shows that the amounts involved in finance violation cases and IPR infringement cases in 2018 rose by 7.23 billion and 2.54 billion, up by 1 time and 30.3%, respectively.

Analysis of the 4,316 IPR infringement cases indicates that 2,452 of them (56.8%) were related to Copyright Act violation with 54 cases more than those in 2017, representing a 2.3% climb. Further, among the 2,452 cases of Copyright Act violation, 97% of them were domestic ones to form 2,368 cases. In addition, 1,855 cases involved Trademark Act violation (43%), the second most among all IPR infringement cases, but there were 268 cases less than those occurring in 2017, a 12.6% decline. Out of the 1,855 cases of Trademark Act violation, 1,174 involved foreign elements, taking more than 60% of the total case number, with 616 cases involving European countries (33%) and 681 cases being domestic ones (37%). (May 2019)

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