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## TIPLO News

AUGUST 2019 (E237)

*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](http://www.tiplo.com.tw)*

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**E190820Y1**

**E190820Y9**

**01 Patent Linkage of Western Pharmaceuticals comes into force in August**

Taiwan Food and Drug Administration under the Ministry of Health and Welfare issued a press release on August 20, 2019 to the effect that:

The new chapter “Patent Linkage of Western Pharmaceuticals” incorporated into Taiwan Pharmaceutical Affairs Act as promulgated by presidential order on January 31, 2019 has officially come into force as of August 20, 2019 according to the Executive Yuan’s approval. Under the patent linkage system, a generic drug approval applicant who seeks grant of drug approval for his/her generic drug shall make relevant certification or declaration in regard to the patent(s) listed by the new drug approval holder with the competent authority, and the competent authority will stay issuance of drug approval for a period of 12 months to clear relevant patent disputes. The first applicant of generic drug approval to successfully challenge patent validity or make non-infringement declaration against the new drug and to have produced complete in full the materials required of his/her application for approval of the generic drug will be granted an exclusive marketing term of 12 months as a reward.

Intellectual property rights protection for pharmaceuticals is on the rise around the world. Following this tendency, Taiwan’s enforcement of the patent linkage of western pharmaceuticals will form a new protective force for pharmaceutical IP rights. The patent linkage system balances the relationship between the brand-name drug company and the generic drug company. On the one hand, the patent linkage system will actualize the legal purpose of patent right protection of the Patent Act, accredit R&D performance of new drug approval holder, and ultimately cultivate a perfect IPR protection regime that will attract more R&D investment in Taiwan. On the other hand, the patent linkage system will enable generic drug companies to get hold of relevant patenting status through the listed patent information and encourage generic drug companies to create design-around inventions. By clearing possible infringement occurrences before launch of generic drugs on market, generic drug companies may be able to avoid cessation of sale due to infringement issues that will impact patients’ rights. (August 2019)

For the highlights of the amendments of the Taiwan Pharmaceutical Affairs Act, please refer to the article provided by clicking the link below.

Brief Introduction : Taiwan Pharmaceutical Affairs Act Amendment

[https://www.tiplo.com.tw/pdf/20180212Pharmaceutical Affairs Act Amendment\\_eng.pdf](https://www.tiplo.com.tw/pdf/20180212Pharmaceutical%20Affairs%20Act%20Amendment_eng.pdf)

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**E190801Y1**

**02 Partial amendments of Taiwan Patent Act to take effect from November 1, 2019**

Partial amendments to Taiwan Patent Act promulgated on May 1, 2019 will be enforced from November 1, 2019. The amendments include the added provisions of Article 157-2 to Article 157-4 and the amended Article 29, 34, 46, 57, 71, 73, 74, 77, 107, 118~120, 135, and 143. (August 2019)

Please refer to the article through the link below for an overview of the amendments.

**E190731Y1**

**E190731Y2**

### **03 Taiwan IPO gives out IPR statistics for the first half of 2019**

Throughout the first half of 2019, Taiwan IPO (TIPO) received a total of 35,534 applications for invention, utility model, and design patents, which represent a slight 1% increase if compared with the same period of 2018. There was a more apparent rise in the number of design patent applications by 10%, while trademark registration applications totaled 41,986 which remained steady if compared with the same period of 2018. It is noticeable that the number of invention patent applications filed by Taiwanese nationals grew by 2%, but the number of design patent applications filed by non-residents drastically jumped by 30%. TSMC and Alibaba topped the respective ranking of resident applicants and non-resident applicants filing for invention patent applications.

#### **I. Patent applications**

##### **1. Apparent rise in number of design patent applications**

Total applications filed for three kinds of patents in the first half of 2019 amounted to 35,534 applications, slightly increasing over the same period of last year. Among the overall applications, the number of those filed for invention patents (22,775 applications) and design patents (4,259 applications) went up by 1% and 10%, respectively, while those for utility model patents dropped by 5% (8,500 applications).

##### **2. 30% growth in design patent applications filed by non-resident applicants**

Among patent applications filed by Taiwanese nationals during the same period time of 2018, there was a slight increase of 2% in the number of invention patent applications (8,563 cases) in 2019, while the number of utility model patent and design applications dropped to 7,978 cases and 1,960 cases, respectively. As for the patent applications filed by non-resident applicants, the numbers of invention patent applications and design patent applications climbed to 14,212 and 2,299, respectively, but the increase did not occur to utility model patent applications which on the contrary were down to 522 cases. The number of design patent applications filed by non-resident applicants soared by 30%, an evident growth caused by the surge of the applications filed by French applicants. Similar increase of the applications filed by Japanese and US applicants also contributed to such a drastic growth.

##### **3. TSMC, the domestic company with most invention patent filings**

There was a minor increase in the number of invention patent applications filed by domestic companies. TSMC topped the ranking with 429 applications, surpassing AU Optronics (318 applications) at No. 2 and MediaTek (163 applications) at No. 3. TSMC and AU Optronics both experienced a significant rise of 24% and 30%, respectively, over the same period of 2018. Moreover, the number of invention patent applications filed by small and medium enterprises has been steadily growing for three consecutive years. The growth in the first half of 2019 reached to 16%,

which manifests a fact that the small and medium enterprises of Taiwan have gradually recognized and fulfilled the concept of R&D performance protection through patenting.

#### 4. National Tsing Hua University, outshining other universities with most invention patent filings

There was a general decline in the invention patent applications filed by universities and colleges of Taiwan. National Tsing Hua University topped with 44 invention patent applications to see a 13% increase in the number of applications. Among private universities, Oriental Institute of Technology and Chang Gung University outranked others by filing 18 applications, respectively. The overall analysis indicates that public and private universities/colleges had filed 381 and 319 applications, respectively, each contributing 54% and 46% of the total invention patent applications, while those applications filed by private universities/colleges grew to reach higher percentage.

#### 5. ITRI trailed by other research institutions to claim the crown

Overall invention patent applications filed by research organizations of Taiwan slightly fell in number. ITRI (*Industrial Technology Research Institute*) filed a total of 81 invention patent applications to outnumber other institutions, including Academia Sinica, which ranked second with 22 applications.

#### 6. Alibaba's and Renault's proactive filing in invention and design patent applications by non-residents

Japan was the top filing country of invention patent applications filed in Taiwan with the largest 6,707 applications, significantly surpassing the US (3,047 applications) and other countries (regions). Moreover, the growth rate of both Japan and Hong Kong climbed by 5% and 56%, respectively. Breakdown by nationality of non-resident applicants, Alibaba accounted for 408 applications to account for a significant rise of 92% over the same period of 2018.

For design patent applications, most of the applications came from Japan in 704 cases. The top five filing countries (regions) had all experienced their respective growth in number of applications, except for Germany. The number of applications filed by French applicants surged by 400%. Among the applications filed by individual applicants, France-based Renault topped with 102 cases.

## II. Trademark applications

### 1. Steady number of trademark registration applications

There were 41,984 applications filed for trademark registration, which number remained steady if compared with the same period of 2018. Applications filed by resident applicants amounted to 29,957 cases, slight up by 0.2%. There was a 2% slip in the number of trademark registration applications filed by non-resident applicants, which totaled 12,029 cases and was down because of the drop in US and Hong Kong applications.

### 2. Non-resident applications mostly from China

Non-resident applications were mostly from China, coming to 2,958 cases with a 8% rise. China claimed the top position to be followed by Japan with 2,249 applications

at No. 2 and the US with 1,828 applications at No. 3. It is noticeable that four of the top five filing countries (regions) were in Asia, and the total number of applications from these countries was still slightly up. (July 2019)

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## **E190720Y2**

### **04 Chairman of Pacific SOGO Department acquitted in trademark lawsuit**

After acquiring the management right of Pacific SOGO department store, Far Eastern Group has been struggling with Pacific Department Store Co., Ltd. (Chinese: 豐洋興業股份有限公司; hereinafter “Pacific Department Store”) over the three Chinese characters “太平洋” as part of the trademark in dispute, for which Pacific Department Store sued the chairperson and president of Pacific SOGO Department Stores Co., Ltd. (hereinafter “Pacific SOGO Department”) for Trademark Act violation. With this case being pending at the court for years, the IP Court found Pacific SOGO Department’s chairperson and president not guilty in the second instance.

The battle for management right of Pacific SOGO department store has caused much disturbance which never goes down for more than ten years. Pacific Department Store claimed that Pacific SOGO Department has been knowingly using the “太平洋SOGO” device mark in the knowledge that Pacific Department Store is the proprietor of the “太平洋PACIFIC” mark. In this regard, Pacific Department Store filed a complaint against the chairperson and president of Pacific SOGO Department. After that, in 2017, the prosecutor brought an indictment against the chairperson and the president, who were acquitted by Taipei District Court subsequently in 2018.

The prosecutor appealed Taipei District Court’s judgment to the IP Court. According to the IP Court’s holding, Pacific SOGO Department has met the requirement of bona fide prior use before registration application for the “太平洋PACIFIC” mark. Therefore, Pacific SOGO Department’s continued use of the “太平洋SOGO” device mark in other branch stores will not constitute trademark right infringement.

Moreover, subsequent to the finalization of administrative proceedings for the “太平洋SOGO” device mark in March 2017, the chairman and the president of Pacific SOGO Department had promptly rebranded by replacing the three Chinese characters “太平洋” (*pacific*) with “遠東” (*far eastern*) in all external representations and also to rename itself as “遠東SOGO” overall. Judging from Pacific SOGO Department’s business scale and the timing of change of business representation, the IP Court held that Pacific SOGO Department did not slack off in or delay the trademark and name replacement with bad intention, nor did it hold the intent to commit trademark infringement. According to the above reasoning, IP Court dismissed the prosecutor’s appeal and let stand the not-guilty judgment for Pacific SOGO Department’s chairperson and president. (July 2019)

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## **E190711Y2**

## **E190710Y2**

### **05 Disney’s Chinese character mark for “Sofia the First” successfully challenged by a local clothing store**

The mark containing Chinese characters, “Disney 小公主蘇菲亞” (meaning “Disney, Sofia the First” in English) and device thereof that has been successfully registered altogether as a trademark by Disney Enterprise, Inc. with Taiwan IPO (hereinafter “Disney’s mark in dispute”) is challenged by the owner of a clothing store in Taiwan, Li Qiao Clothing Store (Chinese: 立蕎服飾行; hereinafter “Li Qiao”) by filing an opposition with Taiwan IPO against the registration of Disney’s mark in dispute on the ground that the Disney’s mark in dispute is similar to the owner’s registered trademarks “蘇菲亞 SOPHIA” and “蘇菲亞 Sophia” (hereinafter “Li Qiao’s marks”) (The three Chinese characters, 蘇菲亞, is mostly the transliteration of “Sophia” or “Sofia”). The challenge was unsuccessful, and thus, Li Qiao filed an administrative appeal to the Ministry of Economic Affairs and the appeal was dismissed. Li Qiao went further to initiate an administrative action with the IP Court and the case ended up in Li Qiao’s favor. The IP Court decided that Taiwan IPO should cancel the registration of Disney’s mark in dispute and the Ministry of Economic Affairs’ decision should be vacated. The decision is appealable.

Summary of IP Court’s reasoning and holding:

(1) The comparison between Disney’s mark in dispute and Li Qiao’s marks shows that they both include the three Chinese characters “蘇菲亞” identical to each other in pronunciation, appearance, and concept. Most people in Taiwan would transliterate “Sophia” as “蘇菲亞”. Although Disney’s mark in dispute also include the other three Chinese characters, “小公主” in small font size (meaning “little princess”), consumers would see “小公主” simply as an honorific title of the princess, Sofia. Also, the word “Disney” is in much smaller in font size in the tiara that is hard to be recognizable. Therefore, the three Chinese characters, “蘇菲亞” is the most eye-catching part of the two marks. Both with the three Chinese characters, “蘇菲亞” as the most obvious part, the two marks are highly similar.

(2) The designated products of the two marks are identical or highly similar. Consumers in Taiwan are more familiar with Disney’s mark in dispute, which familiarity would cause consumers to confuse Li Qiao’s marks with Disney’s mark in dispute or mistaken regard Li Qiao’s marks as the same representation of source of Disney’s mark in dispute. In this regard, Disney’s mark in dispute would form consumers’ confusion with Li Qiao’s marks.

(3) Taiwan adopts a first-to-register system for trademark protection; that is, the earliest registration should be eligible for trademark right protection. Registration applications filed by Li Qiao for “蘇菲亞SOPHIA” mark and “蘇菲亞Sophia” mark were granted on September 1, 1982 and April 16, 1998, respectively, while Disney’s mark in dispute was approved for registration on January 1, 2017. Apparently, Li Qiao’s marks are eligible for trademark protection due to their earlier registrations. (July 2019)

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## **E190702Y5**

### **06 Industry and academic institutions join hands to organize AI on Chip Taiwan Alliance for AI business**

Battle for AI business opportunity around the world is going fierce. Playing the role of the core brain, AI chips will not only be the key component of future smart technologies but also provide a new opportunity for Taiwan’s semiconductor industry. Under the guidance of the Board of Science and Technology (BOST) of the Executive

Yuan of Taiwan and the Ministry of Economic Affairs (MOEA), manufacturers, academic and research institutions work together to organize the “AI on Chip Taiwan Alliance” (AITA) on July 2, 2019.

AITA teams up with TSIA (Taiwan Semiconductor Industry Association) and brings together more than 50 semiconductors and ICTs of Taiwan and from other countries to work on three main projects of (a) constructing the AI ecosystem by connecting AI chips and system application to take the lead in AI-related business opportunities, (b) developing key technologies by following the industry to develop core advanced technology and further to boost Taiwan’s AI industry upgrading, and (c) accelerating product development by formulating and promoting relevant specification standards to expedite AI product development. AITA will also build up a SIG (Special Interest Group) corresponding to technical demands to connect with the academic and research fields. The ultimate goal of AITA is to integrate system application, form a complete and new AIoT ecosystem to enable semiconductor industry to establish concrete and definite directions of business in AIoT application so as to snatch new business opportunities. (July 2019)

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