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

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## **NOTICE**

### ***Patent and trademark applicants may ask for reinstatement if failing to comply within a statutory time period due to the heated COVID-19 outbreak***

As the title of this article suggests, if the delay of a statutory time period is caused by natural calamity or other causes not attributable to the applicant, according to Article 17 of the Patent Act and Article 12 of the Enforcement Rules of the Patent Act, or Article 8 of the Trademark Act and Article 9 of the Enforcement Rules of the Trademark Act, the applicant may file a request for reinstatement.

Any patent or trademark applicant who fails to comply within a statutory time period due to the COVID-19 may file a request for reinstatement accompanied by the documents of proof. In principle, such cases will be determined leniently on a case-by-case basis.

**E191211Y1**

### **01 Taiwan Patent Attorneys Association issues “2020 White Paper on Intellectual Property”**

On December 11, 2019, Taiwan Patent Attorneys Association expressed opinions and comments on IP-related matters by issuing the “2020 White Paper on Intellectual Property”, which presents four main issues with respect to (1) insufficient and incomplete legal system, (2) inhumane examination, (3) policies without foresight, and (4) insufficient liquidity, and also ten pieces of advice. With this White Paper, Taiwan Patent Attorneys Association provides opinions on intellectual property issues to the relevant governmental authorities with an aim to formulate and draw up the development strategies for Taiwan’s patent regime and create a good environment for research and innovation for the patent industry. Under an innovative environment, patents of Taiwan will be able to transform in an upgrading tendency from quantity-oriented to quality-oriented patenting so as to ultimately actualize high standards in innovation and application and also high efficiency in examination and practice.

Taiwan Patent Attorneys Association’s advice and suggestions are summarized as follows.

1. To optimize patent legal regime: Nine specific suggestions are rendered with respect to four main aspects of procedural examination, substantive examination, patent liquidity, and protection enhancement.
2. To make complete the legal system for patent attorneys by amending examination eligibility and changing subjects of examination, by enlarging types of practice to include cross-industry alliance, juristic person certified patent attorney offices, by making the business scope of patent attorneys more complete and comprehensive, by adjusting the regulations governing on-the-job training, and also by formulating insurance for patent attorney practice.

3. To facilitate funding for patent promotion by sourcing the funding from 20%~30% of the yearly income of patent official fees, appropriation by the government through budget procedure and relevant interest accrued to the fund.
4. To formulate AI intellectual property protection policies by clarifying right ownership, infringement liability, and protection strategies.
5. To optimize patent examination quality by strengthening reexamination, carrying out searching, and repealing examination by contract personnel.
6. To promote IP liquidity by establishing IP operation platform, promoting intangible asset financing, technology transfer from universities to private sector, and developing patent insurance.
7. To formulate directions for patent evaluation by enacting an act that specifically and particularly specifies the aspects of evaluation, nature of technology, status of technology, and legal status.
8. To enhance patent information service by AI category, AI searching, and making public service available.
9. To create overseas patent aid mechanism by promoting and developing insurance system for patent lawsuit overseas.
10. To deepen IPR international interaction and cooperation by integrating civil force to promote and set up a professional IP think tank. (December 2019)

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**E191126Y2**

## **02 Taiwan IPO announces draft amendments to Trademark Act**

Taiwan IPO issued a press release on November 26, 2019. According to the press release, Taiwan IPO has been drafting amendments to the Trademark Act since 2018, for which Taiwan IPO has held consultation meetings attended by experts and scholars and the meetings on trademark examination quality and also public hearings to seek and gather opinions. After formulating and integrating comments and suggestions from all sectors on the public hearing held on October 15, 2019, Taiwan IPO proposed and draft amendments to the Trademark Act with a view to ensuring that Taiwan's legal trademark framework fits in with trademark examination requirements in practice.

The draft amendments have been proposed with a total of 14 articles amended and 2 new articles added. The main points of the amendments are summarized as follows.

1. Paragraph 2 of Article 6 of the draft amendments specifies the qualifications of trademark attorneys other than attorneys or agents who may practice trademark-related matters. Paragraph 3 of the same Article further provides the legal basis and sets forth relevant rules for the competent authorities to administer trademark agents' registration, etc.
2. The scope of accelerated examination mechanism for trademark applications will be narrowed down to "registration applications" only. The amended provision in paragraph 2 of Article 14 of General Provisions in Chapter I will be moved to paragraph 8 of Article 19 of Section I, "Application for Registration" in Chapter II to serve as the fee-charging standard for accelerated examination so as to correspond

to the amended Article 104. Specific guidelines for accelerated examination will be established in line with the accelerated examination program of patent application.

3. The ground for disapproval of registration, “where a final judgment of the court has been rendered” listed in subparagraph 15, paragraph 1 of Article 30 was to be removed from the Act, but most attendants of the public hearing disagreed to the contemplated removal of the ground in view of the possible disputes to arise with such removal in practice. In consideration of the actual difficulties in assessing and verifying the ground in the process of examining trademark registration applications, reference from paragraph 2 of Article 60 of the EU Trade Mark Regulation is drawn to move the ground as listed in subparagraph 15, paragraph 1 of Article 30 of the current Trademark Act (grounds for disapproval of registration) to paragraph 2 of Article 57 in the amendments as the ground for invalidation filed by an interested party. Also, Taiwan IPO will decide on invalidation requested after the parties have provided their evidence and defense, and the ground is not subject to the five-year preemption period.

4. The provisions governing “opposition” stipulated in Section IV of Chapter II of the Act was about to be removed and the contemplated removal was supported in the public hearing. To prioritize legal stability, now the Taiwan IPO drops the contemplated removal of this section and keeps it unchanged in the Trademark Act. This is because Taiwan IPO is planning to amend the adversary system for trademark disputes and it is better and more appropriate to first formulate an integral and comprehensive structure for trademark challenges. (November 2019)

/CCS

**E191204Y8**

**E191203Y8**

### **03 Draft amendment to Foreign Trade Act clear legislative floor to crack down on false labeling**

The draft amendment to Taiwan’s Foreign Trade Act has undergone its three readings on December 3, 2019, aiming to safeguard the reputation of MIT products in the world and Taiwan’s overall economic interests. As a result of the US-China trade dispute that has caused additional tariffs, the Ministry of Economic Affairs proposed the draft amendment to increase the fines to be imposed on acts of tagging imported China-made products with MIT label, applying or using fraudulent certificate of origin and also on the act of illegally exporting strategic high-tech goods without authorization to fulfill management requirements. The draft amendment also includes provisions regarding reward to people who report use of fraudulent certificate.

The highlights of the draft amendment are summarized as follows.

1. Importers/exporters shall not falsely apply or use relevant trade permission and certificate (Article 17).
2. “Whistle-blower” clause is introduced and included to reward people who report contravention, which is expected to prevent and avoid foreign investigation on Taiwanese businesses due to importers’ or exporters’ use of fraudulent labels of origin that would eventually affect the overall interests and reputation of domestic industries (Article 17-1).
3. Monetary penalties are raised to effectively administer and impede illegal export of strategic high-tech commodities to restricted regions (Article 27).

4. Administrative fines are increased to (1) effectively administer and hamper illegal export of strategic high-tech goods to non-restricted regions, (2) to impede businesses' application and use of false certificates of origin and false labeling of origin, or (3) to prevent acts of disturbing trade through improper means (Article 27-2 and Article 28). (December 2019)

/CCS

**E191218Y9**

**E191217Y9**

**04 Taiwan's legislature greenlights draft bill to establish Intellectual Property and Commercial Court**

According to a press release issued by the Judicial Yuan of Taiwan on December 17, 2019, the draft bill of "Commercial Case Adjudication Act" and the draft bill to amend the "Intellectual Property Court Organization Act" respectively received its third reading at the Legislative Yuan, which will operate to establish a significant and epochal system for resolving material commercial disputes in a more prompt and professional manner.

Highlights of the draft bill of Commercial Case Adjudication Act, which contains a total of 81 provisions in 7 separate chapters:

1. Use of E-facility: All briefs or documents shall be submitted through online system, and the court may hear cases by conducting distance interrogation with audio visual facilities. It will be convenient for litigants to use electronic submission system.
2. Establishment of specialty court: The Intellectual Property and Commercial Court will be established at the same level as the High Court to have jurisdiction over significant commercial matters in a two-level and two-instance adjudication system so as to seek prompt finalization of commercial disputes.
3. Mandatory representation by attorneys: Attorney(s) shall be engaged to represent the parties to a commercial dispute in litigation procedures to effectively identify the disputable issues and to enhance trial efficiency.
4. Mandatory preliminary mediation: Pre-trial mediation for commercial disputes must be conducted by mediators with relevant expertise, so as to seek resolution of commercial disputes by and between the parties and to reduce weariness in litigation.
5. Expert witness and litigant's inquiry system: Parties to an action may request for expert witnesses' opinions and also raise inquiries or request for explanations by the other party, so as to expedite court proceedings.
6. Confidentiality preservation order: If any documents, objects to be examined or inspected, or materials required for assessment involve trade secrets, the holder(s) of such documents, objects, or materials may request for the court's issuing confidentiality preservation order to facilitate fact finding and confidentiality preservation at the same time.

Moreover, the "Intellectual Property Court Organization Act" is amended and renamed as "Intellectual Property and Commercial Court Organization Act" to establish a specialized commercial court that will consolidate the existing IP Court as the IP and Commercial Court.

Organizational features of the IP and Commercial Court are introduced below.

1. The IP and Commercial Court is established to hear significant commercial disputes or events as defined by paragraph 2 of Article 2 of the Draft Commercial Case Adjudication Act by a three-judge panel in two-instance court (details set forth in Article 2, Article 3, and Article 6 of the amended Intellectual Property and Commercial Court Organization Act). Also, the IP and Commercial Court will be instituted to comprise the IP Tribunal and Commercial Tribunal (details set forth in Article 9, Article 10, and Article 15 of the amended Intellectual Property and Commercial Court Organization Act). In addition, the judges of the Commercial Tribunal may be elected from candidates who have served as a practicing attorney with commercial expertise, research associates of the Academia Sinica in the relevant fields, or public servants.

2. The IP and Commercial Court shall have commercial examiners with expertise in accounting, investment, financial analysis, economic and financial market, who shall assist judges in collecting, analyzing, and determining on commercial information and questions (details set forth in Article 16 and Article 17 of the amended Intellectual Property and Commercial Court Organization Act).

With the enforcement of the Draft Commercial Case Adjudication Act and the Intellectual Property and Commercial Court Organization Act, the new court will be able to hear and conclude significant commercial cases in a prompt and professional manner, which will ultimately optimize Taiwan's business environment and elevate competitiveness. (December 2019)



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