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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 Taiwan's Hon Hai, HTC, Quanta Computer, and ITRI named Derwent Top 100 Global Innovators

Clarivate Analytics released the Derwent Top 100 Global Innovators 2020 list, identifying the world's most innovative organizations. Hon Hai Precision Industry Co., aka Foxconn, HTC Corporation, Quanta Computer, and the ITRI (Industrial Technology Research Institute) from Taiwan have won the recognition to be listed among the top 100 global innovators for 2020. With the highest number of four entities named on the list, Taiwan ties for the 4th place with Germany among the countries/regions listed.

It is the fourth time and the third consecutive year that ITRI has won a place on the list to stand out with its excellent performance in patent grant rate and influence this year as usual, while Hon Hai and Quanta have been exhibiting their ambitions in deploying their patented technologies on the global market. By sustaining its achievements in the criterion of patent influence, HTC broke into the top 100 global innovators list by making progress in internationalization.

The selected top 100 global innovators of 2020 come from three continents and fourteen countries/regions. The US topped the list with 39 organizations recognized as the top 100 global innovators, followed by Japan with 32, and the named winners from the US and Japan comprised almost three-quarters of this year's top 100 innovators. For industry section representation, hardware and electronics industries took the lead with 38 organizations named on the list, surpassing the manufacturing and medical industries with 16 and the telecoms and software industries with 8 each. (February 2020)

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E200213Y1

02 Taiwan Supreme Administrative Court finds in favor of Largan Precision Co., Ltd. in utility model patent dispute

With respect to the dispute among an individual Lu, Taiwan IPO, and Largan Precision Co., Ltd. about the invalidation action against the utility model patent, Taiwan Supreme Administrative Court rendered a judgment on this case and issued a press release as summarized below.

Ability opto-Electronics Technology co., Ltd. (hereinafter "Ability") filed an application for utility model patent with Taiwan IPO for its device titled "dispensing needle head structure" on April 18, 2012 and Taiwan IPO approved Ability's application and issued a patent certificate thereto on July 9, 2012 (hereinafter the "patent in dispute"). An individual, Lu, filed an invalidation action against the patent in dispute by the reason of lack of inventive step on August 14, 2014, and the Taiwan IPO made a decision on the invalidation action that the invalidation requested shall be sustained and the patent in dispute shall be revoked. After that, Largan Precision Co., Ltd. (hereinafter "Largan") claimed that their former employees provided Ability with Largan's trade secrets involving Largan's patent titled "block-associated multi-needle dispenser device" (Chinese: 附擋塊之多針點膠裝置) for Ability's use and successful patent application for the patent in dispute, and therefore, Largan alleged that it shall hold the right for filing a patent application and also the ownership of patent right for the patent in dispute. Largan also filed an administrative appeal against Taiwan IPO's decisions sustaining the invalidation action against the patent in

dispute (Ability did not file one), but the administrative appeal turned out unsuccessful after the Ministry of Economic Affairs conducted substantive examination on the appeal, for which Largan initiated an administrative action with Taiwan IP Court. The IP Court decided in favor of Largan. According to the IP Court's judgment, the appeal decision made by the Ministry of Economic Affairs and Taiwan IPO's invalidation decision should be vacated and both Ability and Lu appealed this case to the Supreme Administrative Court, which rendered a judgment in favor of Largan.

Summary of the reasoning of the Supreme Administrative Court's judgment:

1. The patentee has an exclusive right to prevent others from exploiting his/her patent without his/her consent after grant of the patent. For reconciling the interest of and between a patentee and the public, the mechanism of invalidation is established to provide a second chance of having a granted patent examined again by public review after the patent authority's publication so as to ensure the most just and correct patent granting. Therefore, during the patent term, in principle, any person may request with the patent authority for revocation of any patent right by presenting sufficient evidence. To fulfill the public examination purpose of the invalidation proceeding, the patentee and the requester of an invalidation action must confront with each other to conduct the attack and defense in the contentious and confrontational invalidation proceeding. Due to the nature of two-party rivalry in invalidation proceeding, a patentee shall not file an invalidation action against his/her own patent right. If any patentee files one against his/her patent, the patent authority shall not accept the request for invalidation.

2. As revealed in the facts the IP Court established based on the results of evidence investigation and oral arguments, Lu is not the actual requester of the invalidation against the patent in dispute; it was Ability that actually authorized a patent office to challenge its own patent. That is to say, this invalidation action was filed by the patentee of the patent in dispute. As reasoned in the foregoing, Taiwan IPO shall not accept and handle this request for invalidation. On the contrary, Taiwan IPO accepted it by negligence and further sustained the request for invalidation, and hence, contravened the laws. The appeal decision also affirmed Taiwan IPO's decision. In this regard, the IP Court does not contravene the laws by having both the appeal decision and Taiwan IPO's decisions on the invalidation action vacated, but has correctly determined and sustained facts of this case and properly applied relevant laws herein. The appeal filed by Ability and Lu is groundless. (February 2020)

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E200206Y1

03 TIPO releases statistics of patent applications and grants for 2019

Taiwan IPO released the statistics of patent applications filed and patent grants in 2019. Among the overall applications filed for all three kinds of patents, TSMC maintained its top spot on the list of applications filed by local firms with 1,333 applications, while China's Alibaba Group headed the list of those filed by foreign entities with 850 applications. As to the ranking of grants of all three kinds of patents, AU Optronics Corp. and Applied Materials, Inc. each claimed the top honor on the list of patent grants to domestic and foreign applicants with 488 grants and 436 grants, respectively. Besides, the invention patent applications filed for 2019 in Taiwan have increased by around 6%, marking a growth in the number of applications for the 3rd consecutive year.

According to the TIPO's statistics of the applications filed by local firms, TSMC is

the domestic applicant that has been filing more and more applications since 2015 and whose applications reached over 1,000 applications in 2019 for the first time. At the same time, the numbers of applications filed by Acer Inc., Realtek Semiconductor Corp., and Compal Electronics, Inc. have hit their respective record high since 2005 with 565 applications, 333 applications, and 193 applications to snatch the 2nd, 6th, and 9th spot, respectively, while Media Tek Inc. moved down to No. 5 in the ranking with 356 applications filed in 2019.

It is noticeable that there are 8 local banks appearing among the top 100 applicants by filing a total of 623 applications, which represents a 76% rise and also the consecutive growth for three years, especially the 120% increase in invention patent applications of 207 cases. Among the 8 local banks, Bank of Taiwan tops the ranking in the number of applications filed for all three kinds of patents.

Moreover, 25 universities were named among the top 100 patent applicants for 2019, among which Far East University held onto the top position by 183 filings mostly for utility model patent (134 applications). In the meantime, Far East University had also filed a total of 49 invention patent applications to demonstrate its growth by 96%. With respect to the numbers of invention patent applications filed by these universities, National Tsing Hua University won the crown with 88 filings, surpassing National Chiao Tung University (78 filings) and National Cheng Kung University (70 filings), and National Taiwan University (50 filings).

On the other hand, 7 research institutions were recognized among the top 100 patent applicants for the same year; however, these institutions saw an yearly 8% decline in the number of their applications for invention patents. ITRI (Industrial Technology Research Institute) stayed firmly at No. 1 position among the 7 named top applicants with 385 applications and also snatched the 4th position in the ranking of the named local corporate applicants. Metal Industries Research & Development Center trailed ITRI to take the 2nd place by filing 77 applications.

Among foreign corporate applicants, Alibaba Group had filed a total of 850 applications in 2019 to reach the record high since 2012 and also reclaim the top position in the ranking since 2017. Chasing behind Alibaba Group, Applied Materials, Inc. moved up to the 2nd spot by 663 filings to see the most drastic rise in number at 52% among the named top 10 foreign corporate applicants. Toshiba Memory Holdings joined the top 10 ranking by filing 299 applications. The recognized top 10 foreign corporate applicants all experienced their respective two-digit growth, except for Qualcomm that filed 582 applications to saw its downward filings of 582 applications at an annual 42% decrease.

As TSMC has been presenting its sustained progress in the number of patent applications, Applied Materials, Inc., Tokyo Electron Limited (496 filings, No. 4), ASML (250 filings, No. 13), Lam Research Corporation (157 filings, No. 28), KLA Corporation (128 filings, No. 42) have all experienced their respective growth from 9% to 52% in 2019. (February 2020)

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E200206Y2

04 Taiwan IPO released IPR statistics for 2019

Taiwan IPO had received a total of 74,652 patent applications throughout year 2019, which increased by 2%. Among the overall patent applications, those filed for invention patents have grown for three consecutive years, while those for design

patents rose by 9% and the decrease percentage of utility model patent applications lessened. On the other hand, trademark registration applications filed throughout 2019 totaled 86,794 cases to hit a record high number since 2001. As to the examination performance, the average disposal pendency for invention patent applications and trademark registration applications is 14 months and 7 months, respectively, a steady and reasonable pendency time showing that applicants have received rapid and good service of patent and trademark examination.

Among the overall patent applications, applications filed for invention patents (48,268 cases) and those for design patents (8,804 cases) both saw an increase, while there was a drop in the decrease percentage of those for utility model patents from 8% in 2018 to 2% (17,580 cases) in 2019.

In addition, there were 18,984 applications filed by resident-applicants for invention patents, setting a record high since 2015, which was attributable to a 6% rise in the number of applications filed by corporate-applicants. Large enterprises and small-and-medium enterprises contributed to the rise with their respective 6% and 7% increase in the number of applications. On the contrary, the number of applications filed for utility model patents amounted to 16,412 cases and those for design patents, 4,208 cases, both of which saw a slight decline by 1% from last year. As to the number of applications filed for invention patents by non-resident applicants, it amounted to 29,284 to move up by 1%, while the applications for design patents filed by non-resident applicants surged to 4,560 cases to form a 20% increase.

In terms of the nationality of the applicants, Japan led by filing a total of 14,598 applications, surpassing the US (filing 7,437 applications) and China (filing 3,698 applications). Hong Kong experienced a double-digit growth by filing 1,282 applications to claim the no. 5 position, ahead of Germany. The analysis by types of patent applications demonstrates that most of the applications for invention and design patents came from Japan, and China contributed the most applications for utility model patents in 2019.

The number of the total trademark registration applications filed throughout 2019, 86,794 cases, reached a record high since 2001, and the analysis ascribed the rise to the 3% growth in the number of applications filed by resident applicants (61,928 cases). Applications filed by non-resident applicants (24,866 cases) remained steady.

The top five filing countries (regions) include China that took the top position by filing 6,108 applications, followed by Japan (4,748 applications) and the US (3,621 applications). Moreover, South Korea and China saw their respective growth by 16% and 6%, and Japan remains level with last year.

Breakdown by trademark classification, most of resident applicants' trademark registration applications, 11,040 cases, were filed for registration under Class 35 (for advertising and business management, etc.), more than the 6,620 applications filed for registration under Class 43 (for restaurants and lodgings, etc.) and 6,235 applications filed for registration under Class 30 (coffee, tea, and pastry, etc.). Applications filed for the top five classes all rose by 2%~6%. As to the top five resident corporate applicants, Uni-President ranked 1st (432 cases) and Taichung City Government, at no. 2 (360 cases).

Among the applications filed by non-resident applicants, those filed for registration under Class 9 (computer and technology products, etc.) accounted for most of them in 4,761 cases, followed by those (3,239 cases) filed for registration under Class 35 (advertising and business management, etc.) and those (2,902 cases) filed for

registration under Class 3 (cosmetics and detergents, etc.). Also, among foreign corporate applicants, Huawei topped the list by filing 161 applications to rank ahead of LINE, which filed 138 cases. (February 2020)

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E200216Y2

05 Trademark squatting occurs to the two Chinese character “鼎旺” mark held by local well-known hot pot store

A trademark dispute arose out of a well-known spicy hot pot store located in Taipei City, Ding Wang Spicy Hot Pot (Chinese store name: 鼎旺麻辣鍋; hereinafter “Ding Wang”), founded by an individual, Lin. Lin’s nephew, Cao, successfully registered the two Chinese characters, “鼎旺” as a trademark on March 23, 2015 (hereinafter the “mark in dispute”), which came to the knowledge of Lin’s daughter, Chen, who later filed an opposition to the mark in dispute on the ground of prior use to seek cancellation of the registration of the mark in dispute. Chen’s opposition was sustained. Out of his dissatisfaction with the opposition decision, Cao filed a lawsuit, which was further brought to the Supreme Administrative Court and was ultimately determined against Cao on the ground that Cao squatted the mark in dispute.

Cao made the following arguments. His aunt, namely the founder of Ding Wang, Lin, opened a diner for selling spicy hot pot in 1992, and Cao’s mother invested TWD1.5 million to the diner in 1996. With his mother’s investment put in the store, both Lin and Cao’s mother agreed to their partnership for the business of the store called “Ding Wang Spicy Hot Pot” (Chinese store name: 鼎旺麻辣鴛鴦火鍋). Subsequently in March 2015, Lin denied the partnership with Cao’s mother and this dispute was brought to court, which dispute ended up in a successfully settlement by and between Lin and Cao’s mother. The settlement agreement and relevant news reports all made it clear that the alleged partnership between Lin and Cao’s mother had indeed existed. As such, based on the partnership between his mother and his aunt, Cao regarded part of the store name, the two Chinese characters, “鼎旺” as a property under the partnership mutually owned by Lin and Cao’s mother, and in this regard, Cao has sufficient basis to use the two Chinese characters as business symbol; therefore, Cao does not squat or imitate the mark in dispute.

The appellee, Taiwan IPO defended itself by pointing out Cao’s knowledge about the existence of the cited mark owned by Lin before the application date of the mark in dispute because (1) Chen and her mother, Lin, had already used the cited mark for their hot pot store in the similar trade before application of the mark in dispute, and (2) Cao had once worked at Ding Wang and subsequently opened another hot pot store on his own (Chinese store name: 老鼎旺川味鍋物店), and thus (3) Cao would have the knowledge about the cited mark due to business transactions and the competition in the same trade.

According to the Supreme Administrative Court’s holding, the principle of “first to register”, rather than that of “first to use” is dominant in the trademark legal regime of Taiwan. In principle, an earlier used but unregistered mark is not eligible for protection as a trademark, except when it is to fulfill the purposes of combating trademark squatting and preventing unfair competition in the way of plagiarizing any other person’s trademark(s). Hence, for making up for the possible loopholes and deficiencies in trademark legal regime, prior users are eligible to seek remedy when they encounter trademark squatting. In this case, the mark in dispute Cao registered is totally identical to the cited mark owned and used by Lin for her store in their respective appearance, pronunciation, and concept, and is also used for the service

of providing spicy hot pot. Moreover, Cao had once worked in Ding Wang and thus had business connections with Ding Wang. The foregoing substantiates that Cao had already been aware of the cited mark owned by Lin before filing the application for the mark in dispute but he still intended to imitate it and further sought to have the mark in dispute registered as a trademark. Cao's foregoing act falls into the unregistrable ground as defined by subparagraph 12 of paragraph 1 of Article 30 of the Trademark Act. Therefore, Taiwan IPO does not contravene the laws by deciding to cancel the registration of the mark in dispute. (February 2020)

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06 Double taxation avoidance act between Taiwan and Czech to take effect in 2021

An agreement on the avoidance of double taxation and prevention of fiscal evasion (namely, the Avoidance of Double Taxation Agreement (ADTA)) between Taiwan and the Czech Republic already completed its legislation process in Czech on February 12, 2020 (local time in Czech). According to the ADTA, both Taiwan and Czech shall give mutual written notice about the time when the ADTA shall go into effect, and the ADTA is scheduled for official implementation on January 1, 2021. The ADTA will help the enterprises on both countries to create a friendly commercial environment of fair taxation and will further facilitate bilateral investment and trade, boost job opportunities, technical exchanges and taxation affairs cooperation.

Following Poland, Austria, Belgium, Denmark, France, Netherlands, Germany, Hungary, Italy, Luxembourg, Republic of North Macedonia, Slovakia, Switzerland, Sweden, and the UK, the Czech Republic is the 16th European country that has signed a pack on avoidance of double taxation with Taiwan, and the ADTA is one of the 33rd comprehensive tax agreements signed by and between Taiwan and other countries.

Czech has been Taiwan's 4th largest investment destination country in Europe, and Taiwan and Czech have been maintaining a fair and substantial relationship. Moreover, Taiwanese enterprises have put investments in Czech currently for intense cooperation in high-tech and electronics and information industries, thus creating around 23,000 employment opportunities in Czech. (February 2020)

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