Please rest assured that Taiwan IPO and our firm have been maintaining normal operation as the coronavirus pandemic spreads throughout the world.

When faced with the severe global health crisis triggered by the pandemic, please take good care of your health and stay healthy.

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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E200505X1

01 Depo, Hyundai reach settlement in headlamp design patent lawsuit

On May 5, 2020, DEPO Auto Parts Industrial Co., Ltd. (hereinafter "Depo") made a public notice that Depo and Hyundai Motor America, Inc. and Hyundai Motor Company (hereinafter collectively referred to as "Hyundai") have reached a settlement of the patent infringement lawsuit filed by Hyundai against Depo and Depo's subsidiary in the US, Maxzone Vehicle Lighting Corp. in California, the US for Hyundai's patented headlamp designs. With the case settled by and between Hyundai and Depo, Hyundai will withdraw all relevant proceedings against Depo. Terms of the settlement agreement will not be disclosed for compliance with confidentiality clause contained in the settlement agreement. (Released 2020.05.05)

/CCS

E200528X4

02 MPI's Job-hopping employees prosecuted for trade secret misappropriation

Four former employees of MPI Corporation (hereinafter "MPI") had downloaded many internal confidential files of MPI without due authorization during their employment at MPI, and they subsequently had resigned from their jobs at MPI and job hopped to WinWay Technology Co., Ltd. (hereinafter "WinWay") during the period from June through September 2017. These employees' job-hopping aroused MPI's attention and brought this matter to Hsinchu District Prosecutors Office, which instructed Taipei City Field Office, Investigation Bureau to conduct investigation and further indicted the four employees for violation of Trade Secrets Act.

Based on MPI's complaint filed with Taipei City Field Office, the prosecutor had a search conducted on the four employees' respective residence and domicile and their offices at WinWay in July 2019 and examined the seized articles to establish the foregoing facts. The prosecutor indicted the four employees for the offense of unauthorized reproduction of another's trade secrets for their own illicit gain as defined by the Trade Secrets Act. (Released 2020.05.28)

/CCS

E200515Y1

03 Gigastorage ruled to pay damages to Philips in DVD patent lawsuit

Koninklijke Philips N.V. (hereinafter "Philips") filed a lawsuit with Taiwan IP Court in 2016 to claim that Gigastorage Corporation (hereinafter "Gigastorage") infringed its DVD patent. The IP Court awarded Philips TWD10.5 million in damages in the first instance. Both Philips and Gigastorage appealed this case and Philips increased the claimed damages to TWD1.05 billion, for which the IP Court ruled in the second instance that Gigastorage should pay TWD1,039,500,000 and interest thereof to Philips. Gigastorage appealed this case to the Supreme Court, and subsequently, this patent lawsuit was remanded back to the IP Court for retrial in 2018.

The IP Court adjudicated the retried case on May 14, 2020 as summarized as follows: The IP Court's dismissal of Philips' second claim and the ruling on the

motion for provisional execution for that claim and the litigation expenses in the IP Court judgment should be all vacated. Gigastorage shall pay to Philips TWD409,885,447 and interest thereof accrued at the rate of TWD5 per annum from June 25, 2016 through the date when the awarded amount is paid in full. Philips' and Gigastorage's appeal are dismissed. Gigastorage shall bear 39% of the litigation expenses incurred in the first and second instance proceedings and the third instance proceedings before the case was remanded (except for the expenses for the parts that have become final), while Philips shall bear the remaining litigation expenses. (Released 2020.05.15)

/CCS

E200527Y2

04 Local well-known restaurant wins trademark infringement lawsuit

Founded in 1965, a local well-known restaurant, Rong Rong Yuan Restaurant (Chinese name: 榮榮園; hereinafter the "restaurant") had been run by a couple, Huang and Li as proprietors until 2013 when Endless Innovation Food & Beverage Management Consulting Co., Ltd. (hereinafter "Endless Innovation") took over and further successfully had the combination of the restaurant's Chinese store name, "榮榮園" and its English store name "Rong Rong Yuan Restaurant" registered as a trademark in February 2016 (hereinafter the "subject mark"). Subsequently, it came to Endless Innovation's knowledge about a local company's unauthorized use of the three Chinese characters, "榮榮園" on ready meal pack products, for which Endless Innovation filed a lawsuit to assert infringement against Sinkai Bio-Tech Co., Ltd. (Chinese: 興凱生化股份有限公司; hereinafter "Sinkai"), the seller of the said ready meal pack products bearing the three Chinese characters, "榮榮園" (hereinafter the "product in dispute"). The IP Court heard this case and decided on it against Endless Innovation but later reversed its decision to award Endless Innovation TWD720,000 in damages.

As indicated by Endless Innovation, it is a fact that the responsible person of Sinkai, surnamed Shih, indeed cooperated with the couple, Huang and Li in 2008. During their cooperation, Huang and Li authorized Shih to use the restaurant's trade name and the restaurant's Chinese store name, "榮榮園" and its English store name "Rong Rong Yuan Restaurant", which were not registered as trademarks at that time, for Sinkai's ready meal pack products for two years only. However, with the agreed upon time period of authorized use expiring and the said couple being no longer the restaurant's proprietors, Sinkai still continued using the three Chinese characters "榮榮園" on its ready meal pack products. Moreover, Shih also filed an application for registering other three similar Chinese characters, "園榮榮" as a trademark in December 2015 to cause confusion, which act apparently constitutes trademark infringement.

According to the IP Court judgment, Sinkai as a general agent has advertised its ready meal pack products as coming from the said couple so as to attract relevant consumers' attention and their purchase, and Sinkai uses "榮榮園" and "Rong Rong Yuan Restaurant" not for marketing its own products or services but for referring to the restaurant's products or services. Thus, the bona fide prior use alleged by Sinkai should not be sustained.

Also as reasoned in the IP Court judgment, Shih's act of filing a trademark application for "園榮榮", which is simply a different arrangement and combination of the same three Chinese characters of "榮榮園", demonstrates that Shih had the intent

for imitation, not a bona fide intent. With clear knowledge of the facts concerning the existence of the subject mark and its proprietor being Endless Innovation, instead of the said couple, Sinkai and its responsible person knowingly continued using the subject mark, and therefore, it is believed that Shih held a subjective intent for trademark infringement. (Released 2020.05.27)

/CCS

Case Analysis

01 Commercial success recognized for the first time as a factor to determine inventive step by the Taiwan IP Court

Overview:

The Patent Examination Guidelines prescribed by the Taiwan IPO expressly provides commercial success as a supplementary factor to consider when determining whether or not inventive step exists. In practice, however, commercial success was never taken into consideration by either the Taiwan IPO or any court. *(Taiwan IP Court decision of case 105-Min-Zhuan-Shang-Zi no. 42* [2016]*; Supreme Administrative Court decision of case 102-pan-Zi no. 205* [2013]*)* In 2019, Taiwan IP Court set aside the above two court decisions. *(Taiwan IP Court decision of case 107-Xin-Zhuan-Su-Zi no. 75 [2018] rendered on February 14, 2019)* For the first time, commercial success is admitted a positive factor supporting the inventive step claimed.

Case:

Plaintiff is the patentee of the no. M480330 patent, "*Mask For Keeping Food Temperature*" (hereinafter, the '330 patent). The invalidator seeking invalidation of the patent alleged that Claim 1 of the patent is obvious in view of the combination of Exhibit 2 and Exhibit 3 and the patent was invalidated by Taiwan IPO. Patentee filed an administration action with the Intellectual Property Court (IP Court) alleging, among others, the patent is proven commercial success. Taiwan IPO in defense argued that commercial success is only a secondary factor to consider when determining the presence of inventive step and where the lack of inventive step is unmistakably manifested by a comparison of the technical content of the '330 patent and that of prior arts, it is meaningless to take it into account.

IP Court's Decision :

The IP Court first finds that much as Exhibit 2 and Exhibit 3 both disclose the technical feature of claim 1 of the '330 patent . It remains open to question, however, whether or not a person having ordinary skill in the art will be reasonably motivated to combine Exhibit 2 and Exhibit 3 to achieve the '330 patent .

The IP Court further finds that at the time when the second generation of the patented product was launched, there was no similar foldable heat-preserving mask product available on the market. Therefore, it may be reasonably assumed that the patented product is indeed monopolistic as far as the market is concerned. Further, counterfeiters did not fabricate and distribute the knock-offs until they saw the second generation of the patented product characterized by its foldability, which is the unique technical feature of the patented product. In short, the foldability feature of the second generation of the patented product is what led the counterfeiters to fabricate knock-offs. Therefore, it may be reasonably held that the commercial success of the second generation of the patented product is indeed directly attributable to the foldable design, the technical feature of the '330 patent as opposed to sophisticated

selling skills or good advertising or promotion. In view of the foregoing, the undeniable commercial success of the '330 patent should be admitted positive factor upholding the presence of inventive step.

Comments:

In its decision, considering the various imitations of the patented article which fact manifests the patented article a commercial success, Taiwan IP Court finds the key to the commercial success is the foldable design (rather than technique of selling, advertising or promotion) which is exactly the technical feature of the '330 patent and hence holds, for the first time, commercial success a positive factor supporting the inventive step claimed. It should be noted, however, that according to both of the test adopted by Taiwan IP Court and the relevant opinion held by the Supreme Administrative Court in its decisions of 2018-Pan-Zi no. 707 and 2018-Pan-Zi no. 652, the patentee alleging commercial success to overcome challenge of the inventive step of its patent held must satisfy still the burden of proof of the patented product outperforming that of all other products of the same nature in terms of the sales attained or being monopolistic or welcomed replacement of competitors' products. Further, the patentee shall also duly prove that the commercial success alleged of the patented product is the result of practice of the technical feature of the patent.

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