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Taiwan Revises Several Trademark Regulations

1. Trademark Accelerated Examination Program (Draft)

The Trademark Act—partially amended in May 2023—has now introduced a fast-track examination mechanism. It was instituted to expedite the examination of trademark applications where the applicant deems it appropriate—due to a business plan, for example—in order to obtain registration in a timely manner. In order to comply with statutory laws, in January 2024, the Taiwan IP Office released a draft for the Trademark Accelerated Examination Program. The types of cases eligible for acceleration, the necessary procedures and steps for an accelerated examination, and the time required after entering an acceleration pipeline are all specifically characterized.

Notably, cases of trademark opposition, invalidation and cancellation are not subject to acceleration. Applications for registrations of certification marks, collective marks and collective trademarks are also not eligible for the program since they demand special examination procedures. However, applications for registering non-traditional trademarks for—among others—three-dimensional shapes, colors, scents, sounds and motions are eligible.

Eligibility Criteria

Generally speaking, there are two types of eligible applications.

Type 1: All designated goods or services which are in current use or in readiness for immediate use. In the latter case, extensive evidence of pre-launch preparations must be shown. This supporting evidence includes samples of goods or services bearing the trademark, copies of orders for printed flyers, copies of advertising contracts and business plan documents. If any designated goods or services are not yet in use or not ready to be used, the applicant shall remove those goods or services in order to accelerate the application.

Type 2: Some of the designated goods or services are in current use or in readiness for immediate use, and there exists a compelling urgency and necessity to enforce a trademark right. Cases of urgency and necessity include those in which (1) a third party has without

consent used or prepared to use the trademark pending registration; (2) the applicant receives an infringement warning notice regarding the use of the trademark; (3) licensing negotiations are ongoing; (4) a sales or distribution agreement is signed to debut the trademark on the market; (5) a tradeshow contract is signed to exhibit the trademark; and (6) others. Where the Type 2 clause is applicable, only the classes of the designated goods or services will be accelerated after other ineligible classes—if any—are removed or divided.

Requirements

The applicant is required to submit a request for acceleration before the issuance of the first Office action at the latest. In the supporting evidence submitted, the trademark in use must be identical to the one applied for registration. Additionally, the designated goods or services must be the same or substantially the same in the view of general social concepts or trading practices.

Procedures

Once the office fee has been paid in full, the TIPO will enter an application for acceleration (See Fig.1 below). Applicants will not receive a separate notification but will be able to see on TIPO' s database that the application is subject to an “accelerated examination.” If, within approximately 10 days from the date of request, the TIPO deems that the necessary supporting evidence is insufficient, the applicant will be asked to supplement the documents as appropriate. Upon acceptance for acceleration, the TIPO will issue the first Office action or approval notice within two (2) months. Subsequently, after submission of amendments and/or arguments in response to the Office action, the TIPO will conclude the examination by issuing a decision within 15 working days. After the request is made and until the issuance of the first Office action, the applicant is permitted to change the grounds for the previous acceleration request—for example, from Type 1 to Type 2 or vice versa.

As the TIPO emphasized, it may not be able to maintain the desired speed of acceleration in any one of the following circumstances: (1) the designated goods or services are too generic or abstract as to sufficiently correspond to those actually in use; (2) the application involves a non-traditional trademark with a three-dimensional shape, color, scent, sound, or continuous pattern; and (3) the examination of a trademark application is contingent on the decision of a contentious case.

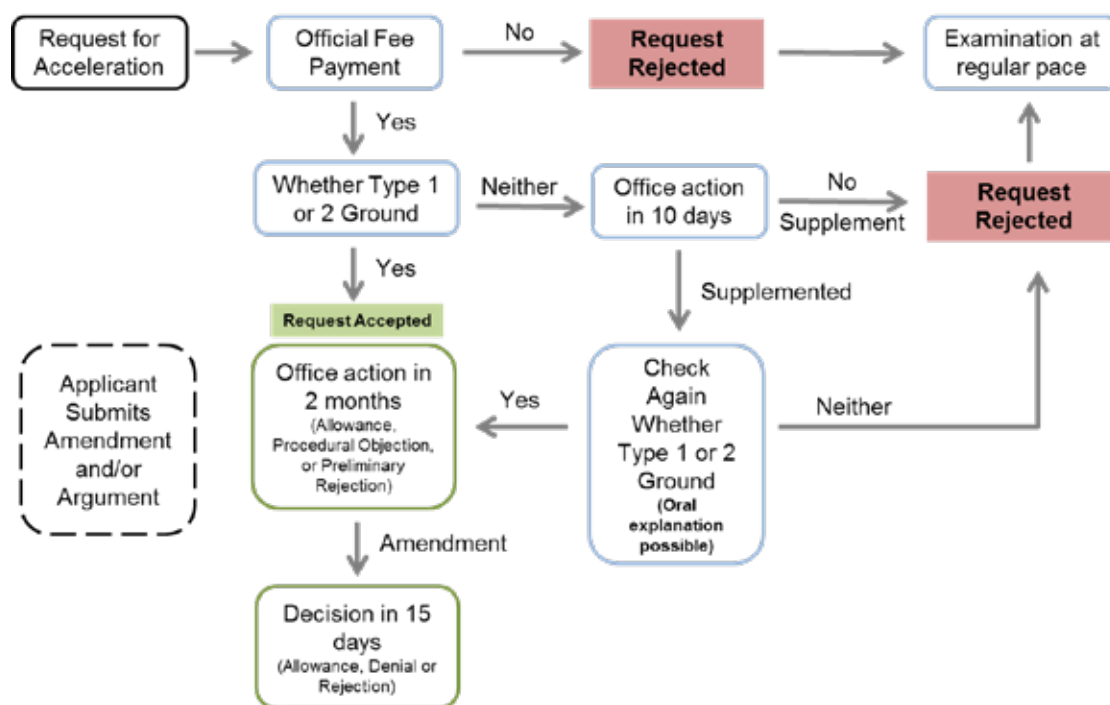


Fig. 1: Diagram for the Trademark Accelerated Examination Program

2. Amendment to the Implementation Rules for the Trademark Act (Draft)¹

The TIPO plans to modify part of the Implementation Rules for the Trademark Act (“IR”) in accordance with the revision of the Trademark Act. Most of the revisions involve fine-tuning of formalities or operating regulations. Key points are summarized below.

¹ <https://join.gov.tw/policies/detail/cca39389-e12d-4f62-b4e5-8897ebe2ac79>

- ❶ It is emphasized in the new IR that a trademark applicant who intends to engage in the business of the designated goods or services must have a genuine intention to use. Where necessary, the TIPO may request the applicant to provide further supporting evidence.
- ❷ In response to the upcoming establishment of the trademark attorney as a new practice license, the new IR clarifies in all related articles that a person representing a trademark application is an “agent”, which may refer to a trademark attorney, an attorney-at-law or a certified public accountant, among others.
- ❸ In order to strengthen privacy protection, when a trademark holder is a natural person, some of the residential information on the register can now be concealed.
- ❹ In response to the introduction of the “Trademark Accelerated Examination Program,” eligibility and requirements are further stipulated in detail in the new IR.
- ❺ The new IR requires employing the dotted lines to illustrate the manner, location, functional part or content of the trademark on the designated goods or services. The area defined by the dotted line is not part of the trademark.
- ❻ For third-party observation submissions, the new IR requires that the TIPO shall not cite a rejection originating from a received submission before forwarding the same to the applicant. Furthermore, after receiving a submission, the TIPO has no obligation to notify the submitting party of how it processes the case in response to the submission.

3. Amendment to the Standards of Trademark Fees (Draft)²

In accordance with the user-pays principle that compensates for the cost of special public services, the TIPO plans to amend the Standards of Trademark Fees to provide a legal basis for trademark accelerated examination requests as well as requests for registrations of licensed trademark attorneys.

² <https://join.gov.tw/policies/detail/23b74efe-f963-48fe-9b1b-5e9b3e51eb2b>

Import of Active Ingredient Does Not Infringe Drug Patent During Extended Term

In Taiwan, the enforceability of a patent during its term extension is limited to the effective ingredients and uses specified explicitly in the regulatory approval upon which the drug patent extension is based. A dispute recently arose regarding whether a patent during its extended term can be enforced against the import of the active pharmaceutical ingredient (API) of a patented drug.

Bristol-Myers Squibb (BMS) is the holder of patent I320039 titled “Lactam-containing compounds and derivatives thereof as factor Xa inhibitors.” Filed in 2002 with two US priorities in 2001 and 2002, the ‘039 patent's original term started on February 1, 2010 and ended on September 9, 2022. However, the patent term was subsequently extended to May 23, 2026 based on the associated regulatory approval. Claim 1 of the ‘039 patent relates to a compound called Apixaban, marketed under the brand name Eliquis, which is an anticoagulant primarily used to treat thromboembolic disorders by preventing blood clot formation.

New Chiens Biotech, a pharmaceutical trader, obtained import licenses from the Taiwan Food and Drug Administration (TFDA). BMS accused New Chiens of infringing the ‘039 patent by importing Apixaban into Taiwan. In its defense, New Chiens explained that an API is distinct from a medicinal preparation or a finished generic drug product; APIs as a raw material cannot be directly used to treat disorders in patients. Although the import license stated the imported substance’ s field for pharmaceutical indication as “anticoagulant,” New Chiens emphasized that it merely described the pharmacological effect of the substance and was not a therapeutic indication in a medical context. Additionally, the enforceability of a patent does not extend to research and trials necessary for obtaining drug registration and regulatory approval as required by the law.¹ New Chiens added that its overseas procurements of Apixaban were subject to exemption since the imports thereof were solely

¹ Article 60 of the Patent Act

for the potential research activities of other generic drug makers with an aim to obtain marketing approvals; thus, the importation should not be covered. Moreover, the enforceability of the '039 patent was strictly limited to the use of Apixaban in treating the indications specified in BMS' s regulatory approval, on the basis of which the '039 patent was granted an extension. When Apixaban as a mere API cannot be prescribed by hospitals or clinics to treat any of the medical conditions stated in the regulatory approval, the API should not fall within the scope of the extended '039 patent.

On December 29, 2023, the Intellectual Property and Commercial Court rendered a first-instance judgment rejecting BMS's complaint.²

Procedurally, the Court first resolved the plaintiff' s standing to sue. Although the '039 patent had previously been licensed to BMS Taiwan, a separate entity from the controlling company BMS Holdings registered in Ireland, this license was not exclusive in nature. After BMS Taiwan later granted the license to Pfizer, neither did BMS Taiwan and Pfizer become the exclusive licensees. That said, the BMS Holdings retains the full capabilities to sue.

On the merits of the case, the Court held that the disputed API did not fall within the scope of the extended '039 patent. As the Court highlighted, an API is not a finished preparation capable of treating disorders, and the technical data on New Chiens' import license merely represented a pharmacological classification, not a medical indication validated in a human clinical trial report for the drug's biosafety and efficacy. As an API trader with a main business engagement in the import, sales and agency of active ingredient materials from an overseas partner, New Chiens is not capable of the manufacture or sale of a finished product in Taiwan. The Court reaffirmed that the enforceability of a drug patent during its extended term was limited to only the effective ingredients and uses specified in its associated

² IPCC-111-CivilPatTrial-No.60

regulatory approval. Since an API is not an administrable drug for patient treatment, it was not covered by the extended patent right.

BMS further argued that Taiwan's patent term extension law mirrored the US legislation³, suggesting a broader patent coverage that is inclusive of APIs as ruled in US case laws. However, the Court denied this argument, stressing that Taiwan's extended patent enforceability was restricted to only indications corresponding to the regulatory approval, whereas an extended patent in the US can be enforceable against “all” medically approved uses (or indications) of the active ingredient. The US and Taiwan's statutory foundations differed, so the reasoning of the foreign case law was not applicable here.

BMS went on to insist that Claim 7 of the '039 patent—concerning the use of Apixaban to manufacture anticoagulants—was within the extended scope of the patent right. However, the Court again clarified that the extended scope was limited to—as literally stated in the reissued patent certificate—the use of the active ingredient Apixaban in preventing stroke [...] in adult patients with [...] at least one of the following risk factors: (1) previous stroke or transient ischemic attack; (2) age greater than or equal to 75 years; (3) hypertension; (4) diabetes, and; (5) symptomatic heart failure (NYHA Class \geq II). None of the foregoing statement related to the specific use of the manufacture of a medicament recited in Claim 7. BMS's argument was deemed to be fallacious.

To briefly conclude, the import of the disputed API Apixaban did not fall within the enforceable scope of the extended '039 patent. The Court found no infringement as a result of New Chiens' import of Apixaban; hence, the Court did not continue to hear New Chiens' counterclaim against the decision to grant the '039 patent' s term extension. BMS's claims for damages and injunctive reliefs were rejected. The case remains appealable.

³ 35 USC 156(d)(5)(F)

Supreme Court: A Derivative Work Created by Unauthorized Alteration of Another's Work is Copyrightable

Whether a derivative work made by modifying an existing work without permission from the original author—possibly constituting infringement of the original author's alteration right—is eligible for copyright protection has been a long-pending question. There have been conflicting viewpoints among the IP community, legal academics and the judiciary, since statutory law has remained silent on this. Recent cases have refused to protect such derivative works on the grounds that doing so would be no less than to encouraging infringement activities. However, in a January 2024 judgment, the Supreme Court decided to affirmatively recognize the copyright eligibility of a derivative work made from materials without permission.

Eastdawn Trading (the “Complainant”) sells beauty products by way of a series of advertisements and videos on various social media platforms. Upon finding that Huang (the “Defendant”) and his company were selling similar products using similar advertising phrases, pictures and video clips (as shown in Table 1), the Complainant filed a criminal charge against the Defendant in ancillary with a civil action asserting copyright infringement.

The Defendant argued primarily that, among other things, the Complainant did not own the copyright for the allegedly infringed advertisements because these were simple modifications and arrangements of others’ materials for which the Complainant did not demonstrate a legitimate authorization from the source. The District Court ruled in favor of the Defendant, reasoning that the copyright of the asserted advertisements failed to be established.¹ On appeal, the IPC Court reversed the lower court’s judgment upon finding that the Complainant had acquired the copyright for the advertisements at the time they were created.² Not satisfied with the reversal, the Defendant brought the case up to the Supreme Court. Contrary to the Defendant’ s wishes, the Supreme Court dismissed his case by holding that the Complainant’ s advertisements are copyrightable works even if they have been made from

¹ 110-IPSummaryAppeal-No.1 Criminal Judgment, Taiwan Tainan District Court

² 110-CriminalIPAppealSummary-No.75 Criminal Judgment, IPC Court

others' materials without permission. The judgment suggested that another party can be potentially subject to criminal penalties and liable for civil compensations due to an unauthorized reproduction of the advertisements.

The Supreme Court began its reasoning from the constitutional basis. The Constitution of the Republic of China clearly stipulates that people have freedom of speech, lectures, writings and publications. Echoing the provisions on freedom of writing and publication, the Copyright Act aims to protect the rights and interests of authors, to coordinate social and public interests, and to promote the development of national culture. These three pillars are equally important and should be maintained in harmony. In the interpretation of the Copyright Act, when there is a conflict of interest between the general public and the author, special attention should be paid to the balance between the two so as to avoid hindering the development of culture.

Most importantly, regarding the way in which a derivative work is defined, the Supreme Court stressed that whether a work is copyrightable does not depend on the creative process or the mental state of the creator. The Copyright Act stipulates that a derivative work is a creation that is an adaptation of an original work and is protected as an independent work. A derivative work differs from a non-copyrightable plagiarized work in that it demonstrates originality and expresses the uniqueness and personality of the creator. Hence, a work is impartially entitled to copyright so long as the copyright requirements or definition are met. The secondary fact that a derivative work was created without prior consent or a license determines only whether the creator is subject to criminal or civil liability. In this way, conflicts of interest between the public and the original author are fully reconciled. The Court noted that this is a constitutional interpretation of the derivative works clause in conjunction with the policy objectives of the Copyright Act and the freedom of writing.

3 111-TaiwanAppeal-No. 5457 Criminal Judgement, Supreme Court

The Court further found that the government has also taken the position of setting aside the element of the creator's legitimacy when determining whether derivative works qualify for copyright protection. A previous administrative letter from the Ministry of Interior Affairs stated that in a case where a translated work was made without permission from the copyright holder of the original work, the translated piece (a derivative work) was another independent creation and was also protected by the Copyright Act. The author of the original work would have to seek legal remedies separately. In another previous case, the IP Office held the view that the ownership of a newly generated script and film belonged to the person who modified the original work, if no prior contract had otherwise been agreed, and the script and the film were protected independently as derivative works. These examples demonstrate that, from the consistent viewpoint of the government, the protection of a derivative work does not require authorization as a necessary element.

Comparative law provided another legal basis for the Court's analysis. The old copyright law of Japan recognized that only a derivative work from a legal alteration could be protected. However, this clause was deleted in 1970, as the majority of scholars opposed it. Taiwan's Copyright Act was primarily formulated with reference to the new Japanese law; both interpretations are in agreement that a legal alteration is not a requisite element for a derivative work to be protected by copyright. Furthermore, the Court refused to adopt the policy objectives of the Berne Convention⁴ and its US counterpart⁵, both of which differ from Japanese law in that they require the permission element to protect a derivative work; the Court emphasized that the legislative background of Taiwan's Copyright Act is different from these two.

Lastly, in addition to the issue of permission and legitimacy of the creator for a derivative work, the Supreme Court also briefly resolved the matter of whether a commercial slogan or phrase is protectable. As the Court explained, the advertising purpose of a commercial

⁴ Article 2(3), Paris Act 1971, The Berne Convention for the Protection of Literary and Artistic Works

⁵ 17 U.S. Code § 103(a)

phrase is to attract consumers’ interest in purchasing by distinguishing its products or services from others. As a general practice, a commercial phrase must be concise in order to efficiently convey the purpose, effectiveness and uniqueness of the advertised product. The law may not deny copyright protection to a phrase simply because it is short. In other words, as long as a commercial phrase is not a commonly used expression or single term but is able to demonstrate a creator’ s personality or uniqueness, it should meet the originality requirement and thus still be protected by the Copyright Act.

The Supreme Court concluded that the lower court was correct in its reasoning and assertion that permission is not a requisite to protect a derivative work. The case was therefore affirmed.

Table 1.
Comparison between the Complainant’s advertisements and the Defendant’s accused images

The complainant’s advertisements



C1

The Defendant’s images



D1



C2



D2

The text in both the C2 and D2 snapshots transliterates as: “having thick legs are not because you are fat but because you walk crookedly.”



C3



D3



C4



D4

The text in both the C4 and D4 snapshots transliterates as: “(You can) slim down your legs by (simply) walking the right way.”

Whether a Parody Defense is Valid depending on How a Mark is used

Using a mark which is similar to a registered trademark and used in relation to goods or services identical with or similar to those for which the registered trademark is designated to cause likelihood of confusion among relevant consumers constitutes trademark infringement. Nevertheless, parody is an available defense against such trademark infringement claim in Taiwan. For the sake of freedom of speech, expression and artistic creation, the enforceability of trademark rights may be reasonably limited if certain requirements for fair use are met. Parody has been recognized as a legitimate fair use defense in the judicial practice. In one recent case, the court revisited the factors and criteria for determining a valid parody defense.

Huang and Yen (collectively referred to as “the Defendants”) ran an online store on Shopee, Taiwan’ s leading e-commerce shopping platform, offering for sale counterfeit clothing, luggage and other apparel bearing marks similar to those owned by Louis Vuitton, GUCCI, Chanel, YSL, Balenciaga, Dior, Burberry and Hermes (collectively referred to as “the Complainants”). The Complainants discovered the alleged infringement and reported it to the police, who subsequently raided the Defendants’ physical store and seized more than 2,500 allegedly infringing items. The prosecutor filed charges with the Taipei District Court.

In the trial, procedurally, the Defendants argued that the series of Counterfeit Characterization Reports submitted by the Complainants in support of their counterfeit accusation carried no evidential capability because they had been produced by third-party IP companies or law firms rather than by the prosecutor or the Court itself; the Court denied this argument. Specifically, the Court emphasized that the prosecutor’ s office is allowed to pre-select a number of candidates comprising various investigatory experts and organizations for characterization. When a criminal investigation is required, the police would then be able to entrust one such expert or organization to conduct characterization. This approach has been affirmatively adopted in judicial practice.¹ Determining the authenticity of luxury products in a trademark infringement dispute generally requires special knowledge in the fashion industry; government agencies such as the criminal investigation bureaus do not have

¹ SC-96-TaiwanAppeal-No.2860

the expertise to verify the authenticity of luxury products. To this end, the characterizations produced by professional entities such as IP companies shall be respected. Therefore, the Counterfeit Characterization Reports submitted by the Complainants serve as valid evidence.

The Defendants raised a parody defense, arguing that the designs and logos printed on the seized products which allegedly bore a similarity to the registered trademarks were secondary creations, or derivative works, sold under their own brand unrelated to the Complainant's brands. After the analysis, the Court determined there to be a likelihood of confusion and rejected the Defendants' parody defense.

As mentioned previously, for the benefit of the trademark owner, the use of a similar mark on similar goods or services, which may cause confusion among relevant consumers, constitutes infringement. The Court highlighted that as to whether there exists a likelihood of confusion between the senior registered trademark and a junior mark, it would examine multiple factors comprehensively, including (1) the level of distinctiveness of the trademark; (2) whether and to what degree the trademarks are similar; (3) whether and to what degree the goods or services are similar; (4) the level of business diversification of the trademark owner; (5) whether there is actual confusion; (6) the degree of familiarity with each trademark among relevant consumers; (7) whether the junior mark owner is acting in good faith; and (8) other factors leading to confusion.

As the Court emphasized, public interest in the avoidance of confusion and public interest in free expression are equally important and should be balanced when potential conflicts arise. The legislative purpose of the Trademark Act is to protect trademark rights and consumers' benefits so as to maintain fair competition in the market as well as promote the positive development of commerce and industry. The trademark system is designed to allow a trademark owner to gradually establish its brand value through the continued use and maintenance of a trademark, while relevant consumers can rely on the distinctiveness of trademarks to identify the source of individual goods or services. Since trademarks entail both the public interest in avoiding confusion among consumers and the private commercial interests of the trademark owner, a defense against infringement must not simultaneously compromise these interests. A valid defense of parody involving the imitation of a well-known trademark must be entertainingly humorous, satirical or critical and must convey two contrasting concepts simultaneously, the Court elaborated.

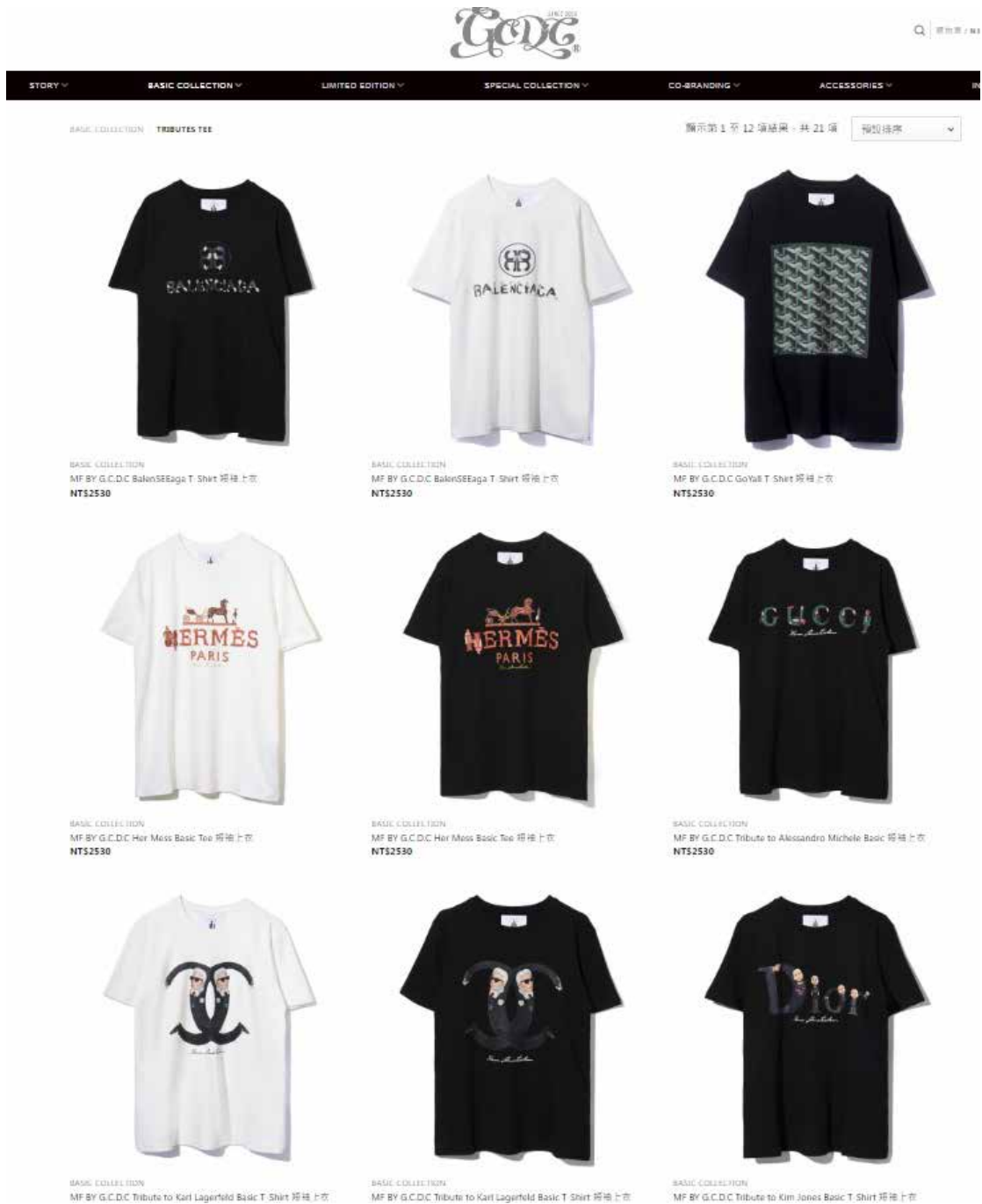
The Court further reinforced its analysis on the basis of foreign comparative law. The success of a joke depends largely on language, culture, social background, life experience, history and other factors; in many cases there is a barrier preventing a person from one culture understanding the humorous nature of a joke from another culture. On the contrary, whether relevant consumers are likely to be confused is decided the moment they see a mark without much deduction or thoughts. The criteria set forth by the court of the My Other Bag case² were that a valid parody defense must show that “there is clearly no connection to the original mark” and that “consumers can immediately identify the accused product as a parody.”³ To sum up, a valid parody defense must simultaneously express the meaning of the original trademark and the humor, satire or criticism of the imitated work; by having these contrasting concepts presented to them, consumers can clearly understand that the imitation is a joke that has relation with the original trademark. Additionally, the balance of public interest between confusion and free speech is another critical factor to consider.

In the present case, the text, designs and logos on the seized products were found to be similar to the registered trademarks in dispute. Consumers with ordinary knowledge and experience may mistakenly believe that the products came from the same or related sources when paying even the slightest attention; taking this into account, it can be concluded that the logos are similar to the registered trademarks. Furthermore, the seized products are identical or similar to the goods to which the registered trademarks apply. The Complainants are well-known and reputable, with a long and rich history specializing in high-end luxury fashion products. Their trademarks possess a high degree of distinctiveness and demonstrate quality and good will. Relevant consumers would have mistakenly surmised that the seized products were provided by the Complainants. There is no entertaining aspect of humor, satire or criticism inherent in these products. To briefly conclude, the Defendants failed to establish a parody defense of the infringement accusation.

The judgment in this case is consistent with the precedent cases for the analysis of parody in trademark infringement issues. It is worth noted that the factors of the My Other Bag case have been recognized by the Taiwanese courts; they are applicable standards to predictably assess whether parody can be established in a future case.

² Louis Vuitton Malletier, S.A. v. My Other Bag, Inc., 16-241-cv (2nd Cir., Dec. 22, 2016)

³ IPCC-108-CivilTrademarkAppeal-No.5



The snapshot of the Tributes series: t-shirts examples at an official website of Defendant Huang's brand "MF BY G.C.D.C." As the designs on the t-shirts show modification of major luxury brand's trademarks, MF proclaims to feature recreation and controversy mingled with street elements in its products. To disclaim, the t-shirts on this snapshot are not necessarily the same as those seized and disputed in this case.

Courts Split on Jurisdiction over an Outbound Transfer of Government-Funded Inventions

The Industrial Technology Research Institute (ITRI)—an elite and partially state-owned research organization—and Sino Matrix Technology (SMT) entered into agreements for patent assignments. The deal saw the transfer of ten patents granted in Taiwan, Mainland China, the USA and Europe from the ITRI to SMT. The patent assignments were recorded accordingly with the respective IP authorities.

According to the agreements, SMT shall obtain permission from the ITRI, Taiwan's trade authority and the Economic Committee of the Taiwanese parliament for a further transfer of any of the assigned patents to a third party. However, shortly after the agreements were made, the situation developed in a way that ITRI hadn't anticipated. The ITRI alleged that SMT had, without prior permission, arbitrarily bundled and transferred these patents for a sum of only 10 USD to a third party, namely UNM Rainforest Innovations (UNM), an affiliate of the University of New Mexico. The ITRI filed parallel lawsuits in Taiwan suing both SMT and UNM for breach of contract by SMT and seeking the return of both the Taiwanese and foreign patents from UNM back to itself. For the case involving the return of the Taiwanese patents, the trial court ruled in favor of the ITRI and the case is currently pending appellate review.¹ For the other case concerning the foreign patents, the court dismissed it on the grounds of lack of subject matter jurisdiction.

The ITRI appealed the dismissal but once again failed to overturn the decision.²

The appellate court emphasized that on the issue of whether a Taiwanese court shall have jurisdiction over a case involving a transnational matter, a number of factors must be considered; these include the actor sequitur forum rei, prospective interest of a judgment, the territorial nexus of the court, the legal theories relating to civil litigations, the fairness

¹ IPC-111-CivilPatentAppeal-No. 45

² IPC-111-CivilPatentAppeal-No. 15 Ruling (22.05.2023)

between the conflicting parties, the legitimacy of an adjudication, and procedural justice in a speedy trial, among other elements. In the circumstances that would undermine the principles of fairness, legitimacy, and efficiency in a trial, the court must refrain from exercising jurisdiction. In the present case, UNM' s registration and place of business were outside of Taiwan. UNM was not a contract party in the assignment agreements and was therefore not bound by them. Also, since the patents in dispute were not Taiwanese IPs, Taiwan is not the place where the parties should have the performance of their contractual obligations by way of transfers. Furthermore, the ITRI filed the lawsuits based on agreements rather than torts so in no way was Taiwan the place of occurrence of a wrongful act or injury. To summarize, the ITRI failed to demonstrate that Taiwan is a legitimate venue with strong nexus in the present case. Thus, the court refrained from exercising jurisdiction.

Dissatisfied with the appellate court' s opinion, the ITRI once again appealed. In November 2023, the Supreme Court ruled in favor of the ITRI, finding that the lower court' s dismissal being improperly reasoned.

The Supreme Court began by establishing its legal foundation in both international law and Taiwan' s own procedural rules for the joint trial of multiple defendants. The 2001 Brussels Regulations provide that “where multiple defendants are sued and the claims are so closely connected that it is essential to hear and determine them together to avoid risks of irreconcilable judgments due to separate proceedings, the plaintiff may initiate a proceeding in a court at the place where any of the defendants is domiciled.”³ In addition, the legal rationale of the Taiwan Civil Procedural Act requires that “in the event of a citizen of the ROC and the citizen of a foreign country joining together as co-defendants due to common rights or obligations, a sharing of facts, or for legal reasons, Taiwan' s court shall be vested with the jurisdiction to govern such foreign element-related matters if, for one thing, the

³ Article 6(1) of the 2001 Brussels I Regulations

multiple claims of the separate defendants are sufficiently closely related that differing verdicts can be avoided and, for another, parties' interests regarding judicial justice, legitimacy and efficiency are not compromised."⁴

In the present case, the matters of the breach of contract and the transfer of assets are closely connected. SMT allegedly violated the agreed terms in the assignments and further arbitrarily transferred the patents in dispute to UNM. The ITRI did not retroactively recognize such an unlawful disposition of assets, thus the ITRI allegedly remains the legal owner of the patents. The ITRI's claims against both SMT and UNM for the return of assets were based on the same series of facts and legal reasoning. Since there existed a commonality of evidence between the two closely-related matters, the upcoming process of evidence investigation involving the ITRI and UNM should pertain also to SMT, the latter being a Taiwan-registered company with a domicile and business operations in Taiwan. If the trials are conducted by different courts in different countries, this could potentially result in divergent or conflicting opinions in the judgments. Consequently, the appellate court did not comprehensively reevaluate all factors previously set forth and then forwent jurisdiction by merely maintaining UNM's lack of presence and property in Taiwan and its status as a non-party to the assignment agreement. The Supreme Court concluded that the appellate court was erroneous in its reasoning and application of law.

Consequently, the ruling was vacated and remanded.

On a separate note, since April 12, 2024, the Supreme Court set up three specialized divisions responsible for intellectual property matters. More specifically, the 2nd, 5th and 9th Civil Divisions hear civil cases of intellectual property in the name of the 1st, 2nd and 3rd IP Divisions, respectively. In the present case, the subject ruling was rendered by the Supreme Court's Second IP Division.

⁴ Articles 53(1), 53(2), and 20 of the Civil Procedural Act

TIPO's New Image-based Trademark Search Platform

In March 2024, the Taiwan IP Office launches a new trademark search engine. As an AI-powered tool, this image-based system enables users to easily and quickly search for identical or similar trademarks by uploading an image. Taking avail of this system, the applicant may evaluate the potential risks of rejection to a new application due to confusing similarity to the senior trademarks. It is dedicated to helping users assess the success rate of applications for trademark registrations.

In the new search system, the users are able to find out figurative marks that are pending applications, rejected applications, and registrations in Taiwan. With the launch of this facility, the TIPO is becoming one of the IP authorities equipped with image-to-image search capability after the EUIPO, the IP Australia, the IPOS, and WIPO Global Brand Database.

TIPO stressed that this new public and free system has demonstrated high accuracy in identifying identical and highly similar trademarks after three years of development. Users can upload images and receive preliminary results across all classes. To better find similar trademarks in the database, when operating this system, the user is advised to specifically delineate the scope of the uploaded image before performing a search. Also, the TIPO calls upon trademark applicants to attach a copy of the search results produced from this AI-based tool along with the trademark applications to hopefully shorten the examination time.

The IP Office will continue to collect feedback from users to further optimize the system and assist more companies in their strategic brand protection and trademark management. The system's interface is currently shown in Chinese only.

The traditional word-based trademark search system remains operational parallel to the new one.

The new image-based AI-powered trademark search system is at:

<https://cloud.tipo.gov.tw/S282/S282WV1/>



Fig. 1
Interface of the search platform



Fig. 2
Search result example



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