

## ► POLICES ◀

### **Intellectual Property Policies for the Next Four Years Discussed at the National Science and Technology Conference**

Recently, attendees at the preliminary meeting of the 7th National Science and Technology Conference from the industry, government, academia, and research organizations together discussed the strategies for the intellectual property policies, innovation policy, and industrial development. The official conference will be held in January next year (2005). The substantive conclusions reached at the conference then will be included in the national white paper on science and technology, and will become this country's industrial development blueprint of the science and technology policies for the next four years.

The theme of "perfecting the intellectual property mechanisms of science and technology innovations" at the conference is to analyze problems and plan the vision of the country's intellectual property policies. The main points discussed under the theme include: strengthening the management system and conceptual promotions of the creation, application and protection of intellectual property; valuing research and development achievements and patent analyses; planning the establishment of intellectual property training institutes to train professionals. At the same time, strengthening the financing system and valuation of intangible assets, perfecting the intellectual property services exchange platform in order to bolster intellectual property transactions and advance the development of the intellectual property services industry.

## ► ENFORCEMENT ◀

### **The Taiwan Intellectual Property Office Promotes Two Measures for the Convenience of the Public**

In order to cooperate with Taiwan's accession to the World Trade Organization (the "WTO") and the implementation of new Patent Law, the Taiwan Intellectual Property Office

("TIPO") began promoting two measures for the convenience of the public from October 1, 2004. The measures include shortening for issuing patent priority certification and providing applicants with early inquiries to patent certificate numbers, in order to implement the spirit of serving the public.

Since patent priority certification is an important document for nationals of this country to file with their foreign patents, the certification has its prescription and importance. Moreover, subsequent to the accession to the WTO in 2002, the number of applications for priority increased day-by-day, from an average of 450 cases per month before the accession to around 800 cases after. Therefore, the TIPO has actively adjusted its internal operational procedures. The new procedure of using computer data to check the application then issuing the certification greatly shortens the processing time. Now applicants can obtain certifications ten days after the date of application as compared to the original twenty to thirty days. The procedure facilitates applicants' filing of their foreign patents applications to claim earlier priorities, and strengthens our international competitiveness.

Due to implementation of the new Patent Law abolishing the opposition system from July 1, 2004, applicants can pay fees and obtain the certificate after grant of the patent. Initially the TIPO allowed others to inquire the patent certificate numbers only as from the same day of public announcement. However, this meant that the applicant, after applying for the certificate, must wait around 40 days to know the certificate numbers. In consideration of the demands of market competition, the TIPO specially opens its inquiry phone (02-27380007 ext. 3019 or 3020), and applicants may obtain the certificate number about 25 days after paying relevant fees upon grant, without waiting for the public announcement, so that they may expand the business opportunities as soon as possible.

### **The New "Measures for Tax Deduction for Investments in Research and Development and Key Points for Examination" May Avoid Disputes in Classifying the Deductible Items**

In order to avoid dispute in classifying the deductible

investment items between the tax administration and enterprises, and to advance toward recognizing the deductible items and the non-deductible items concurrently, the Ministry of Finance (“MOF”) revised the “Key Points for Examination of Applying Taxes Deductions to Investment Expenses in Corporate Research and Development, Professions Training, and Establishment of International Brand Image,” on October 26, 2004 and changed the name to “Key Points for Examination of Applying Taxes Deductions to Investment Expenses in Corporate Research and Development and Professions Training,” which became effective as from the same day.

The MOF expressed that the newly revised Key Points will apply to income tax filings for year 2004. Companies may refer to the schedule attached to the Key Points for the details for applying relevant provisions under Paragraph 2, Article 6 of the Statute for Upgrading Industries revised on December 31, 1999, and for investment expenses in corporate research and development and professions training. The investment expense items eligible for deduction, their classification and documents to be submitted are also detailed in such schedule.

A summary of the revisions are as follow:

1. Investment expenses of Taiwan companies in research and development and professions training should be limited to within Taiwan region only. The products and technologies developed by the companies should be for their own use only. If such products or technologies are provided to others for production or use, the company should receive reasonable royalties or other reasonable compensation, otherwise such expenses would not be tax deductible.
2. Making and testing molds in accordance with specifications, drawings, and samples requested by customers, or modifying and improving present products for subsequent mass production in accordance with customers’ requests are defined as preparation before mass production and is not tax deductible as investment in research and development.
3. Original design manufacture (ODM) companies which engage in the design and development of products may qualify for tax deduction as investment in research and development. The expenses on improvements in production technology and manufacturing process by a company’s production unit may also qualify for tax deduction.
4. Government subsidies to company’s research and development should be deducted from that company’s investment expenses in research and development, and then the remainder may qualify for tax deduction.
5. As indicated in the Investment Deduction Measure, the

average expenses in research and development or professions training in two preceding years means the average expenses invested in research and development or professions training which have been approved by the tax administration to qualify for tax deduction in two consecutive tax years preceding the year in which the company applied for deduction. “Two tax years” means a full 24 months, i.e., two tax years of 24 months. [If under 24 months, the 50% deduction for the part not exceeding the limit would not be applicable.]

For the Chinese documents please refer to:  
<http://dotsearchdot.gov.tw/Newfile/0930453944.pdf>

## ► ENFORCEMENT ◀

### **Number of Patent Applications Increased by 50% in the Past Ten Years in Taiwan**

Recently the TIPO completed the “2003 Analysis of Patent Applications and Grants in Taiwan, the US, Japan, and Europe” based on the 2003 patent applications and grants in Taiwan with information collected from websites of the patent authorities of major countries such as the US, Japan and Europe and relevant annual patent statistics reports.

The report points out that the numbers of patent applications have mostly shown a pattern of growth in the past ten years in Taiwan, from 42,412 cases in 1994 to 65,742 cases in 2003, around a 50% increase. There are three types of patents: inventions, new models, and new designs. In recent years the number of invention applications has increased the most, and the number of new model applications increased the second, whereas the number of new design applications gradually decreased. In 2003, the largest proportion of applications filed by Taiwan nationals was for new models, the second was inventions, and the least was new designs. The largest proportion of applications filed by foreign persons was for inventions, the second was for new designs, and the least was for new models.

For the report please refer to:  
<http://www.tipo.gov.tw/service/news/ShowNewsContent.asp?wantDate=false&otype=1&postnum=5684&from=board>

### **Ceremony for the National Invention and Creation Awards Held**

At the 2004 ceremony of the National Invention and Creation Awards held on October 12, 2004, Minister Ho the Ministry of Economic Affairs (“MOEA”) attended the ceremony to deliver a speech and to present the awards. Minister Ho congratulated the award-winners and showed

her respect to their firm spirit in devoting themselves to invention and innovation, and defying difficulties. She also encouraged the award-winners to keep moving, keep improving, and work hard together to elevate this country's industrial technology and economic development.

## ► LAWS & REGULATIONS ◀

### **Revision to the “Draft Operational Points for Patent Infringement Analyses” Completed**

On September 27, 2004, the TIPO completed the revision to the “Draft Operational Points for Patent Infringement Analyses”, which is divided into Part I and Part II. Part I, “Knowledge of Patent Rights and Its Infringement” contains four chapters, which introduces the definition, nature, types, term, effects, and limitations of patent rights, as well as explaining the definition, proof, remedies, damages, and important matters on patent infringement. Part II, the “Principles for Patent Infringement Analyses” consists of two sections: invention patent and new design patent, and provides the scope of application, and the procedure, method, and report format for the analysis.

In order to improve judicial quality, Article 92 of the new Patent Law provides that the Judicial Yuan designate professional patent infringement analysis organizations, so that when the court or prosecutor in reviewing patent matters can quickly entrust such credible professional organization to assist in the analysis. Since the new Patent Law came into force, the TIPO has assisted the Judicial Yuan in making a list of fifty-five organizations, including those such as the National Taiwan University, that are willing and suitable to serve as patent infringement analysis organizations, for reference by courts at all levels. Since adjudicating patent lawsuits is within the functions and powers of the Judicial Yuan, follow-up relevant matters concerning the Operational Points will be handled by the Judicial Yuan, to be a working code for the above-mentioned organization.

More detailed information is available at: <http://www.tipo.gov.tw/service/news/ShowNewsContent.asp?postnum=5548&from=news>

### **Ireland Recognizes Taiwan Patent and Trademark Priorities**

The TIPO expressed on November 1, 2004, that the Patent Bureau of Ireland will revise its Patent Law to recognize priority of members of the WTO in their applications. At the same time, the Patent Bureau of Ireland will not reject an application from Chinese Taipei solely based on a claim for priority in patent or trademark.

The TIPO pointed out that if there are cases where applications have been rejected due to claiming of priority, applicants are welcome to provide the TIPO with substantive information. Please send relevant materials to the Legal Affairs Department of TIPO (telephone number: 02-27380007 extension 1210; fax: 02-27351946; E-mail: [ipold@tipo.gov.tw](mailto:ipold@tipo.gov.tw)).

### **“Draft Operational Points for Trademark Dispute Case Hearings” Now Available**

In order to improve the accuracy of administrative decisions to further protect the interests of the public, the TIPO, based on relevant provisions in the Administrative Procedure Law, drafted on October 18, 2004, the “Draft Operational Points for Trademark Dispute Case Hearing.” The TIPO also scheduled a public hearing on November 8, 2004, to hear all opinions and comments.

The “trademark dispute case” in the Operational Points refers to trademark oppositions, invalidations and annulments. The review procedure is in principle by way of written documents submitted. However, where explanations by the parties would facilitate the understanding and efficient review of the case, hearings may be held, either upon application or by the relevant authority according to its powers to notify the parties to attend the hearing.

The holding of a hearing provides for the opportunities for the parties to the trademark dispute case and other interested parties to express their views and submit evidence. The holding of a hearing should be focused primarily on fact finding in the subject case and should not make determinations of or render decisions on the substantive merits of the case.

The public hearing version of the draft is available at: <http://www.tipo.gov.tw/service/news/ShowNewsContent.asp?wantDate=false&otype=1&postnum=5733&from=board>

### **The First Three-Dimensional Trademark “Lucky Sheep” Published**

The first-ever three-dimensional trademark registered in Taiwan is the creative and interesting sheep-shaped liquor bottle trademark owned by Taiwan Tobacco and Liquor Corporation (“TTLC”). This trademark has been published in the Trademark Gazette published on September 1, 2004.

This three-dimensional wine bottle trademark “Lucky Sheep” is used in alcoholic products. According to TTLC, the three-dimensional shape of a sheep implies the ancient word “Luck” and symbolizes “Everything goes off without a

hitch". After examination by the TIPO, this trademark is deemed as distinctive, non-functional, and not the same as or similar to other prior applications or registrations; thus registration is allowed.

The TIPO pointed out that a three-dimensional trademark means "a trademark, which is constituted by a three-dimensional shape that has breath, length, and height in a three-dimension space, and can facilitate relevant consumers to distinguish the source different goods or service sources." Three-dimensional trademarks are prevalent in foreign countries. The well-known Ronald McDonald and Colonel Kentucky are registered three-dimensional trademarks. Besides announcing the "Examination Standards for Three-dimensional, Color, and Voice Trademarks" on June 10, 2004, the TIPO will promote trademark rights by propagating cases, so that the protection of trademark rights will be more comprehensive.

### **Advance Notice of the Draft Revision to the "Implementation Regulations for Detaining and Seizing Goods Infringing Copyright or Plate Rights by Customs Authorities"**

The MOEA and the MOF gave an advanced notice of the draft revisions of Articles 2, 3, and 5 of the "Implementation Regulations for Detaining and Seizing Goods Infringing Copyright or Plate Rights by Customs Authorities" on November 1, 2004, in accordance with Article 154 of the Administrative Procedure Law and Article 90 of the Copyright Law.

The Implementation Regulations announced on June 8, 1998, was previously revised on March 20, 2002. The amended Copyright Law that came into force on September 1, 2004, added new stipulations concerning customs authorities' suspension of release of import or export goods, in view of which these Implementation Regulations are accordingly revised.

The main points of the revision are as follows:

1. Amendment allowing copyright holders or plate right holders to apply to the customs authorities to suspend

the release of import or export goods that infringe their copyright or plate right. Added provisions concerning other equivalent security to be provided when applying to the customs authorities requesting detention or seizure.

2. Amendment providing for the basis of review of application for detention and seizure by the customs authorities.
3. Amendment providing for the basis applying to the customs authorities for inspection of detained objects.

The Chinese information of the draft is available at:  
<http://www.tipo.gov.tw/service/news/ShowNewsContent.asp?wantDate=false&otype=1&postnum=5733&from=board>

### **TIPO Prepared the Draft Agreement on Scope of Fair Use in Schools**

The Legislative Yuan passed the amendment to the Copyright Law on August 24, 2004, with an attached resolution stating that "the copyright competent authority should assist users and rights groups in defining the scope of fair use concerning copying for educational purposes before December 31, 2004." The TIPO prepared the "Draft Agreement on the Scope of Fair Use in Copying of Books by Schools of All Levels Established in Accordance with the Law," and sought public opinions on the draft agreement.

The TIPO expressed that the standard set forth in this draft agreement only referred to the fair use standards in the US and Hong Kong to propose some preliminary numbers for reference by the users' groups and rightholders' groups, and is not the final result. The role the draft is to providing consultation and opinion during the mutual discussions. If the parties cannot reach a consensus, the TIPO cannot compel that a consensus or agreement be reached.

The Chinese information of the draft is available at:  
<http://www.tipo.gov.tw/service/news/ShowNewsContent.asp?wantDate=false&otype=1&postnum=5680&from=board>

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ADDRESS / 12TH FL., 390, FU HSING S. RD., SEC. 1,  
TAIPEI, TAIWAN, R.O.C.  
TEL / 886-2-27033500 FAX / 886-2-27042477  
E-MAIL / [intell@cnfi.org.tw](mailto:intell@cnfi.org.tw)

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