

► POLICES ◀

Premier Yu Exchanges Ideas on IPR Protection Issues with Representatives from ECCT

On July 27, 2004, Premier Yu and other relevant ministers of the Executive Yuan met with representatives from the European Chamber of Commerce Taipei (ECCT) to discuss issues on IPR protection, government procurements, and pharmaceutical data's exclusivity. It was hoped that such exchanges can be beneficial to solving the problems faced by European investors in Taiwan.

In response to the counterfeit problem of European name brands, Minister HO, Mei-yueh of the Ministry of Economic Affairs indicated that the Taiwan government is highly concern about protecting the intellectual property rights of name brands. Over 25,000 incidents of name brand infringements were found by Customs during the first half of 2004. In April and May, European companies also sent delegations to Taiwan to present lectures and provide information to Customs officers on how to distinguish genuine name brands from counterfeits. Furthermore, the legalization process for the Integrated Enforcement Task Force is underway to ensure that future IP enforcements will be even more professional.

In response to data exclusivity for pharmaceuticals, Director General CHEN, Chian-jen of the Department of Health (DOH) stated that protection measures such as the scope of protection and protection period are being discussed among various pharmaceutical associations and DOH. The draft measures will be forwarded to the Executive Yuan for review on September 1.

Source:

<http://www.ey.gov.tw/web92/news/Wce44f5536010a.htm>

► ENFORCEMENT ◀

Gigastorage Permitted to Use Five of Philip's Patent Rights

TIPO announced on July 28, 2004, the compulsory licensing of five of Philip's CD-R discs patent rights to Gigastorage. Gigastorage is allowed to use the patent rights until the term of the rights expires, however, such compulsory licensing is for production to supply the domestic market only.

Compulsory licensing is a restricted provision that allows the government or a third party to use the patent right without consent of the right holder. Article 76 of the Patent Act clearly states the conditions for such licensing. The main purpose of such compulsory licensing is to balance interest of the private and public sectors.

According to TIPO, the decision rendered in this case was based on the fact that the price for CD-R discs has dropped from USD5/piece to USD0.19/piece between 1997 and June of 2003. However, under such drastic fluctuation in prices, Philips is stilling using a fixed rate to calculate the royalty payment. This is unreasonable, as also agreed by the US International Trade Commission and the ROC Fair Trade Commission.

Thus, in rendering a decision for this case, consideration was given to how to reach a mutually benefiting arrangement between the right holder of the technology and the user of the technology so as to enhance the continual development of the local economy. In other words, a reasonable equilibrium must be found between protecting the rights of the right holder as warranted under the Patent Act and the need of the user.

The royalty payment method set forth by Philips was deemed unreasonable by many parties and required readjustment. Negotiations were made through Gigastorage between March 2001 and April 2002 to set the royalty at a percentage of the manufacturing price, but to no avails. Pursuant to Article 78, Paragraph 1 of the Patent Act, TIPO rendered the compulsory license of five patent rights to Gigastorage for production in

the domestic market. This compulsory license does not mean that Gigatorage is free from paying any royalty to Philips. Negotiations should still be conducted for an appropriate amount of royalty.

Philips may appeal to TIPO within thirty days of when the rendering notification is received

IP Cooperation Consensus Reached at the 2004 Australia-Taiwan Economic Consultations

The 2004 Australia-Taiwan Economic Consultations was held at the Ministry of Economic Affairs on July 14 and 15. Vice Minister YIIN Chii-ming presided the meeting for the Taiwan side and Deputy Secretary Dr. Geoff Raby of the Department of Foreign Affairs and Trade lead his delegation to represent the Australian side. Both parties agreed to maintain sound interaction under the framework of WTO and TRIPS, and reached consensus on promoting investments and cooperation in information communication, biotechnology, Chinese medicine, and intellectual property. Both parties expressed satisfaction over the outcome of the meeting.

It was agreed that a delegation of IP experts from Taiwan is to be sent to Australia for IP trainings. The Australian party requested that a more concrete training proposal be provided. The Australian party also requested that a proposal for the Taiwan-Australia-New Zealand competition law forum be given. The Australian party suggested strengthening cooperation to stop spam mail. The Taiwan party indicated that currently the government is looking into establishing related measures to regulate spam mail and is willing to work closely with Australia on this issue.

Source:

http://ekm92.trade.gov.tw/BOFT/web/report_detail.jsp?data_base_id=DB009&category_id=CAT525&report_id=67297

Senior Officers from WTO/IP Divisions Visited Taiwan since Its Accession

According to reports from the Board of Foreign Trade (BOFT), Counselors Mrs. Jayashree Watal and Mrs. Thu-lang Tran Wasescha of the WTO/IP Division visited Taiwan from July 29 to August 3, 2004. This is the first time senior officers from the IP Division visited Taiwan since Taiwan's accession to the WTO in 2002.

To help increase understanding in IPR issues, BOFT took the opportunity to invite representatives from various industries,

government offices, and academic professionals to participate in an IPR forum with the two Counselors on July 30th and 31st.

Major issues covered in the forum included: 1) compulsory licensing of patented pharmaceuticals for underdeveloped countries that are plagued with AIDS, TB, and malaria, 2) multi-lateral geographical indications for wines and liquors, 3) sustainable development for species diversity and cultural specificity through the traditional knowledge and folklore asset aspects of IP protection, and 4) data exclusivity for unpublished pharmaceuticals testing information.

BOFT stated that this forum was helpful towards engendering deeper understand in IP issues and hoped that this would be helpful towards establishing future IP policies.

Source:

<http://cwto.trade.gov.tw/content.asp?CuItem=11893&baseDS=D=5&CtUnit=185>

» ENFORCEMENT «

Taiwan Ranked Second in Asia in BSA's 2003 Survey on Global Software Piracy Rate

According to the BSA's 2003 Survey on Global Software Piracy Rate released on July 8, 2004, the average global piracy rate was 36%, with the Asia Pacific (including Australia and New Zealand) region averaging at 53%. Taiwan's software piracy rate in 2003 was 43%, ranking 25th worldwide, and second in Asia alongside with Singapore.

In response to the survey, Deputy Director General Jack Lu of TIPO indicated that since the implementation of IPR Action Year in 2002, piracy has plummeted substantially under the combined efforts of stringent inspections, enhanced public awareness, and amendments to IP laws and regulations. Taiwan's rating in 2003 is ten percentage point lower than the average in Asia, but is still a way from the global average of 36%. The government will continue to protect the interests of legal manufacturers, enhance public awareness for the use of legal software, implement the 3-Year IPR Action Plan, and decrease software piracy rate to promote industrial development and economic bloom.

According to the report, the average global piracy rate was 36%, suffering a cumulative loss of USD29 billion. The average piracy rate in Asia was 53%, totaling a loss of USD7.5 billion. The average piracy rate in Eastern Europe was 70%, and the loss was USD2.2 billion. In Western Europe, the average piracy rate was 36% with a loss of

USD9.6 billion. In Latin America, the loss was USD1.3 billion at an average piracy rate of 63%. The piracy rate for North America was 23%, and the loss was USD7.2 billion. Middle East and Africa suffered a loss of USD0.9 billion with a piracy rate of 55%. Taiwan, with its piracy rate at 43%, takes on a loss of USD0.139 billion.

Source:

http://www.bsa.org.tw/news.asp?id=151&mod=1&ref_id=109

► LAWS & REGULATIONS ◀

Parts of Patent Examination Standards Entered into Force on July 1, 2004

TIPO amended and promulgated Chapters 1 to 4 of the Substantial Examination Standards Chapter for Invention Patents and Chapter 1 of the Formality Examination Standards for Utility Model Patents. The amended chapters entered into force on July 1, 2004.

The previous version of the patent examination standards went into effect from 1994 to 2002 with three volumes and thirty-six chapters. This round of revision began in March 2003 and referred to the patent examination framework of Europe, the United States, Japan, and China. The new examination standards were divided into five volumes (see the drafted outline in the table below) and used data from the existing examination standards, court decrees, appeal committee decisions, patent coordination committee decisions, examination meeting decisions, etc. in drafting the revisions. WIPO/SCP's SPLT and guideline were also referred to in the draft process.

Since patent examination involves knowledge of the law and technological application, as well as being in line with industrial development and patent practices, revision of the examination standards are done in phases. Currently, only the certain chapters on invention patent and utility patent are revised. The remaining volumes and chapters will be revised in the near future.

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Source in Chinese:

<http://www.tipo.gov.tw/service/news/ShowNewsContent.asp?wantDate=false&otype=1&postnum=4891&from=board>

Guidelines for Patent Inquisition Took Effect July 19, 2004

The Guidelines for Patent Inquisition was promulgated and entered into force on July 19, 2004. Major points to the Guidelines are as follows:

1. In examining a patent application or a report, shall the examiner deem it necessary to inquest a case may do so through the authority of his/her office.
2. The inquisition shall be conducted by the examiner responsible for the specific case.
3. Staves who are allowed to be at the inquisition.
4. When inquisition is conducted through the authority of office, the examiner shall notify the party involved in advance. Shall the party involved do not reply in time or do not agree to the inquisition, such inquisition shall not be conducted. The case shall be examined with the material available.
5. Items to be included in the inquisition notification.
6. The item to be inquest shall be the item in the patent application or report.
7. Examiner may request the party involved or his/her agent

- to provide evidence or explanations.
8. Items to take notice during inquisition.
 9. Inquisition record shall be made at the time of the inquisition.
 10. Examiner involved in the inquisition shall observe provisions on preventions in Article 47 of the Administrative Procedure Act.

Defining “Schools and SMEs” in the Exemption/Reduction of Patent Fees

The *Regulations for Exemption/Reduction of Patent Fees* went into effect on July 1, 2004. The terms “schools and SMEs” in Article 3 of the said Regulations are defined as follows:

1. The term “schools” as referred to in the said Regulations are public or private schools, or foreign schools recognized by the Ministry of Education (MOE). According to the April 8, 2004 notice issued by the MOE, “foreign schools recognized by MOE” are “foreign schools that are listed in the *Universities Around the World* reference manual compiled by MOE. Information on these schools is gathered by the Ministry of Foreign Affairs and its consulates or trade offices overseas. These schools are accredited institutions of their respective country. *Universities in America* contains information on all legal and accredited institutions in the United States. Degrees offered by any university listed in the reference manual will be recognized by the Ministry.” In the event when the right holder is a foreign institution, TIPO shall refer to the aforementioned reference manual in deciding whether the applicant is eligible for fee exemption/reduction.
2. SMEs that are eligible for fee exemption/reduction are SMEs referred to in Article 2.1.1 or Article 2.1.2 of the said Regulations. These include manufacturing industry, construction industry, mining industry, and gravel mining industry whose net capital is NT\$80 million or less, or agricultural/fishing industry, power/fuel industry, commerce, transportation, storage, communications,

finance, insurance, real estate, industry and commerce services, social services, and individual services whose previous annual capital was under NT\$100 million. Related regulations are available at <http://www.moeasmea.gov.tw/laws/認定標準.asp>

SMEs referred to in the said Regulations should be a registered company or commerce as stipulated in Article 2.1. Foreign companies that acquired patent rights under the Patent Act are not required to obtain company registration in the ROC, but shall meet the requirements set forth under Article 2.1.1 or Article 2.1.2 of the said Regulations.

Patent right holders who meet the aforementioned criteria for fee exemption/reduction may apply for such exemption/reduction. TIPO may request the applicant to supply further evidence pursuant to Article 3.3 of the said Regulations when deemed necessary.

Examination Standards for Similar Trademarks Abolish after August 1, 2004

Since the *Examination Standards for Likelihood to Cause Confusion* that entered into force on May 1, 2004 includes examination measures for similar trademarks, the *Examination Standards for Similar Trademarks* was abolished as of August 1, 2004.

Revisions to the Regulations for Supervising and Assisting Copyright Intermediary Organizations Took Effect on July 28, 2004

Revisions to the *Regulations for Supervising and Assisting Copyright Intermediary Organizations* entered into force on July 28, 2004. The said Regulations govern the time, methods and items related to the inspections of copyright agents.

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