

# International factors in Taiwan's Intellectual Property Law Development

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## 1. Introduction

Copyright Law, Trademark Law, Patent Law and Trade Secret Law are generally called Intellectual Property Law (IP Law), which protects enterprises' intangible assets, such as client information, techniques and designs. On the one hand, the protection of IP rights encourages enterprises to input R&D and pursue interests. On the other hand, it also entitles the enterprises to prevent others' IP infringement.

From the perspective of international economy and trade, the same protection for foreign IP rights may increase higher cost of foreign IP exploitation and result in the unwilling introduction of foreign knowledge and wider wealth gap. Therefore, taking care of both IP protection and multilateral trade cooperation is truly a major issue in international trade negotiation.

Taiwan's lack of international political standing precludes its participation in almost all multi-lateral international treaties for IP protection, such as the Protection of Industrial Property (Paris Convention), the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention) and other important conventions administered by the World Intellectual Property Organization (WIPO).

Initially, Taiwan did not seem to view its lack of participation in the international IP community as a loss or disadvantage. On the contrast, Taiwan had at one point tried to apply this fact as a unique way to deflect the US demand that its domestic law be reformed to conform with a range of international standards. However, as

soon as Taiwan's exporting goods enter the world market, the urgent sense of insufficient international IP protection appeared, and this has become a major issue for the Taiwanese government.

This article aims to conduct a critical review on Taiwan's IP Law development since the 1980s, focusing on the impacts of those 'international factors', namely international legal frameworks and external policy pressures from the US and other developed jurisdictions, on Taiwan's domestic IP law reforms.

## 2. Taiwan's IP law initial reforms under the US trade policy pressures

After experiencing the successive export substitution and import substitution from the 1960s to 1970s, Taiwan has successfully attracted global attention for its economic miracle in the 1980s. Meanwhile, due to the continuous expansion of Taiwan's trade surplus with the US, the US government was not satisfied with the differentiated treatment in Taiwan's Copyright Law (creative protection for natives and registered protection for foreigners) and applied "Section 301 of the Trade Act" to clamp down on Taiwan for abolishing the Generalized System of Preferences (GSP).

In consideration of the contribution of GSP to Taiwan's trade policy, Taiwan granted to give the US citizens exactly the same protection standards as domestic citizens in 1985. In the 1990s, Taiwan made impressive legislative strides and developed a solid apparatus for the protection of intellectual property under American pressures, such as 1992 Copyright Law, 1993 Trade-

mark Law and 1994 Patent Law, in concert with the Integrated Circuit Layout Protection Act and Business Secrets Law.

### 3. WTO's full membership and its values for Taiwan

The successful conclusion of the Uruguay Round multilateral trade negotiations in 1993 and the subsequent creation of the World Trade Organization (WTO) established the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). This multilateral IP convention asked parties to amend their domestic law to meet the basic protection standard confirmed by TRIPS. For instance, patents should be granted for no less than 20-year protection period, copyright should endure for the life of the author plus 50 years after the author's death.

Therefore, Taiwan declared three goals in IP field in 2001, including enacting regulations that comply with the practical international situations, establishing counterfeit inspection units and build up anti-piracy concept through education system, and successively amend relevant domestic laws and regulations, such as amending the Patent Law in line with national treatment and most-favored-nation treatment, deleting the restrictions on the basis of reciprocity in "inventions of new microorganisms," "applications for extension," "import right of patentees" and so on.

WTO membership is not contingent upon being a UN member and provides flexibility and a much-needed alternative for Taiwan to re-enter the global economic and financial community. In particular, TRIPS could replace Taiwan indirectly under the protection of various WIPO conventions.

### 4. CPTPP and Taiwan's regulatory preparation

Since the release of the official CPTPP text in 2016, all relevant government agencies in Taiwan have completed the first stage of the regulatory "gap analysis" to identify discrepancies between Taiwan's domestic laws and CPTPP obligations. Twelve laws in total were identified to have "regulatory gaps".

In order to join the CPTPP, Taiwan also made efforts to amend the Patent Act, the Trademark Act, and the Copyright Act. The key revisions include:

- (1) Patent Act: the Act was amended to align with the patent linkage system of the Pharmaceutical Affairs Act (Stipulating a basis for patent litigation in response to the introduction of patent linkage), and the legal basis of filing a patent infringement complaint was added (Extending grace period from 6 to 12 months: Completed in 2017).
- (2) Trademark Act: any person intentionally imports counterfeit labels and packages will be held criminally liable (Empowering prosecutors to actively bring charges against severe copyright infringement).
- (3) Copyright Act: committing acts of significant digital piracy, distribution and public transmission is deemed as an indictable crime without a complaint (Stipulating criminal penalties for counterfeiting trademarks or collective trademarks labels).
- (4) In terms of Draft Digital Communications Act, the government plans to enact a new law to prevent a flood of junk mail.
- (5) For the specific industrial sectors, the Taiwan government aims to extend the protection of rights in plant varieties to cover plants protected by international conventions like UPOV (The Plant Variety and Plant Seed Act), extend the length of protection for data exclusivity from 8 to 10 years (Agro-pesticides Management Act), and extend data exclusivity to new indications of an existing medicine and strengthen/establish a patent-linkage system (Pharmaceutical Affairs Act).

### 5 APEC and other regional cooperation

On the regional front, Taiwan is also trying to gain more visibility in the Asia Pacific Economic Cooperation (APEC) forum and is taking a more aggressive stand, at least in the IP area. Established in 1989 as an informal forum for open dialogue, APEC has since developed into

a major regional organization. Its 21 economies constitute more than half of the global trade volume. Politically and socio-economically heterogeneous, APEC has adopted the principles of consensus rule, "open regionalism" (as opposed to "closed regionalism" such as EU or North American Free Trade Agreement), international co-operation, free trade and investment, and pragmatism.

Within its loose structure, there is an IP Group that consists of, but is not limited to, all 21 commissioners and conducts an annual symposium for the exchange of ideas. One of the main topics for recent discussion in APEC was whether there should be an institutionalized region-wide patent and trademark or even copyright services.

Though viewed by many within the region as merely a forum for dialogue, APEC has in recent history demonstrated its ability to wield incredible influence on global affairs. APEC demonstrated its impact in the passage of the Agreement on the Implementation of the Ministerial Declaration on Trade in Information Technology Products (also known as the International Telecommunications Agreement, or ITA), whose negotiations were stalled for years and seemed to be going nowhere under the WTO platform. In the IP area, it would be interesting to look at how the APEC influence may translate into a legally-binding framework for better cooperation among the member economies.

## **6. Recent Taiwan-Japan IP Law Dialogues and Cooperation**

Patent examination cooperation between Taiwan and Japan just turned a new page in 2018. In November 2018, Taiwan-Japan Relations Association and Japan-Taiwan Exchange Association signed an MOU on patent dossier information exchange between Taiwan and Japan, using a one-stop platform for patent applicants and patent examiners to review high-quality documents on patent examination comprehensively and real-time. The service will be officially provided to the public starting in January 2021, when system establishments and related tests are complete.

Once the patent dossier information exchange between Taiwan and Japan becomes effective, patent applicants and patent examiners will be able to use application number or publication number of an application to view its patent family, list of examination documents, and the content of the documents. Users may acquire the IPC and citations of an application. It is hoped that the service can make it more convenient for patent examiners in Taiwan and Japan to draw references on the examination process from one another, thereby improving examination quality and speed.

In October 2020, a workshop held jointly by Taiwan, the United States and Japan with discussions about the protection of trade secrets and intellectual property rights in various countries. The workshop has been divided into three sessions, with the participants discussing the latest developments in trade secrets laws in various countries and the common challenges in combating IPR infringement, and the best practices for prosecuting cases related to trade secrets theft and digital piracy. This conference was held under the GCTF, an initiative launched by Taiwan and the U.S. in June 2015 to bring Taiwan's expertise and leadership to the global stage. Japan later joined the platform as a full partner in 2019. Compared to the external pressures in the 1980s and 1990s, this platform has the potential to generate more positive dialogues on the IP issues between Japan, US and Taiwan.

## **7. Recent development in Taiwan's IP law practices**

As for the punitive compensation, Art.71 Sec1 (3) provides that "Damages demanded by the proprietor of a registered trademark may be calculated according to ... (3) the amount not more than 1,500 times of the unit retail price of the infringing goods; if over 1,500 pieces of infringing goods were found, the amount of damages shall be a lump sum of the market value of the infringing goods" For example, if a fake Chanel bag was sold 500 dollars, the compensation could be 750 thousand dollars at the highest level. On the other hand, in practice, the court would also take other situations, like the amount of stock, into account. Therefore, if there are only 50 bags in stock, the compensation might be 25 thousand dollars.

Punitive damages are now available under the Patent Act (paragraph 2, Article 94, Patent Act). The court has the discretion to award punitive damages for wilful infringement of up to three times the amount of the above damages. The court will usually determine liability first and then assess the quantum at a later stage.

However, although such calculation method is based on an infringer's gain, still the patentee shall assume the burden of proof. Since we currently do not have a system like the discovery procedure in the US, adjustments were made in practice in the 2011 amendments to the Patent Law concerning how an infringer's gain can be calculated.

Regarding trademark squatting, though Taiwan is not similarly in a serious situation like China, there are still some cases where similar trademark have been reported as infringement on the grounds of "well-known trademarks." Take TutorABC, a Taiwanese tutor website as an example, TutorABC brought suits to many companies who have the word "tutor" in their trademark, such as Tutor 4U, TutorMing, HiTutor. Because TutorABC has registered "Tutor" series trademark in Taiwan and invested heavily in advertising, Taiwan IP Court approved it as a "well-known trademark". However, whether it is infringement depends on whether it exists a likelihood of confusion on the relevant public or a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark, not all the trademark with "Tutor" word would be regarded as infringement.

## 8. Conclusion

Taiwan's IP regulatory reform experiences provide at least some critical lessons for the international community. Though every country has its own unique situations, cultural values and economic development, these lessons may be still valuable for all those developing jurisdictions involved in IP law reform and perfection.

First, while a country may be under outside pressures to make certain law adjustments, it is domestic pressure which prevails on a number of critical elements in

the end. Thus, it is truly important for the outside pressure source(s) to identify and work with the domestic driving forces. The most effective tool to convince that a country's leadership of the need for better IP protection is the pressure from within, e.g., a self-initiated urge that stronger IP protection is more to the benefit of that jurisdiction than to foreign countries. An unequivocal commitment from the political leadership is probably the single most significant element to further improvements for regulatory change.

Second, the pressuring country may need to commit a range of resources to assist the pressured nation's IP law reform. In fact, this may constitute "nation building", with significant time and financial resources being devoted to technical settings economic development and public education. Hence, the pressuring country must prepare itself for the long term, and must be prepared to be ridiculed or opposed by the citizens and government of the pressured nation in making these efforts a successful reform.

Third, even if a country does start to change its domestic laws, in order to create real, meaningful regulatory reforms, these law changes must always go hand-in-hand with a number of other non-legal factors, such as economy development, public awareness, education, integrity of the government and the availability or accessibility of information. As a result, Taiwan is looking forward to more international cooperation platforms and dialogues in the IP area, such as the GCTF and the MOU on patent dossier information exchange between Taiwan and Japan.

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