

# Taiwan

## Overhauling the Trademark Law

### Background

In order to harmonise national legislation with international law, satisfy industry needs, optimise the trademark examination system and enhance trademark protection, in recent years the Legislative Yuan has been working on amendments to the Trademark Law, effectively revising more than 85% of the current provisions. The amended act was promulgated on June 29 2011 following a first draft in 2007. Although the effective date of the amended law has not yet been

announced, according to the Executive Yuan's schedule it is expected to come into force in June 2012.

The amended act includes many changes, such as the expansion of the definition of 'trademarks', a grace period for unintentionally missing the registration fee deadline, a clear definition of the term 'use of trademarks', the availability of reasonable royalties as a remedy for infringement and a burden of proof in invalidation proceedings. Civil remedies and criminal penalties for trademark infringement remain in the amended act.

### Ten key points

#### Definition of 'trademark' expanded

Current Trademark Law	Amended Trademark Law
<p>A trademark can be:</p> <ul style="list-style-type: none"> <li>• a word;</li> <li>• a figure;</li> <li>• a symbol;</li> <li>• a colour;</li> <li>• a sound;</li> <li>• a three-dimensional (3D) shape; or</li> <li>• a combination of the above.</li> </ul>	<p>A trademark can be:</p> <ul style="list-style-type: none"> <li>• a word;</li> <li>• a figure;</li> <li>• a symbol;</li> <li>• a colour;</li> <li>• a sound;</li> <li>• a 3D shape;</li> <li>• a motion;</li> <li>• a hologram;</li> <li>• any other sign with distinctiveness; or</li> <li>• a combination of the above.</li> </ul>

**Grace period for unintentional failure to pay registration fees added and priority date mechanism revised**

Current Trademark Law	Amended Trademark Law
<ul style="list-style-type: none"> <li>• No way to save trademark rights if the registration fee is not paid by the deadline.</li> <li>• No plural priority choices.</li> <li>• No quasi-national treatment.</li> <li>• No international exposition priority date.</li> </ul>	<ul style="list-style-type: none"> <li>• A six-month grace period for those who unintentionally fail to pay the registration fee by the deadline.</li> <li>• The applicant may file for priority date for the whole or part of the goods or services by referring to one or more trademark applications in World Trade Organisation member jurisdictions.</li> <li>• An applicant residing in member states of the Paris Convention for the Protection of Industrial Property may enjoy national treatment.</li> <li>• The date of international exposition can be claimed as priority date if the application is filed within six months of the exposition.</li> </ul>

**Categories of trademark licence defined**

Current Trademark Law	Amended Trademark Law
<p>No definition of the different types of trademark licence.</p>	<p>Trademark licences categorised as exclusive licence, sole licence or non-exclusive licence. Unless otherwise stipulated in a licence agreement, these terms are defined as follows:</p> <ul style="list-style-type: none"> <li>• Exclusive licence – only one licensee and the trademark owner cannot use its own trademark.</li> <li>• Sole licence – only one licensee and the trademark owner can use its trademark.</li> <li>• Non-exclusive licence – one or more licensee(s).</li> </ul>

**Joint ownership of trademark clarified**

Current Trademark Law	Amended Trademark Law
<p>No mention of joint ownership, although in practice the Taiwan Intellectual Property Office (TIPO) accepts jointly owned trademark applications.</p>	<p>Trademark can be jointly owned by two or more persons. New provisions regarding the application, assignment, division, contraction, licence and pledge of jointly owned trademark have been inserted. In summary, the joint owners exercise their rights together.</p>

***Protection of geographical indications enhanced***

Current Trademark Law	Amended Trademark Law
No geographical indications (GIs). GIs are regulated in TIPO's Guidelines on Certification Marks, Collective Trademarks and Collective Membership Marks.	Definitions of 'GI' and 'geographical collective trademark' provided.

***Disclaimer system revised***

Current Trademark Law	Amended Trademark Law
The applicant must disclaim the exclusive right to use of a specific part of the trademark if such part is non-distinctive, otherwise the registration will be denied.	The applicant must disclaim the exclusive right to use a specific part of the trademark only if such part is non-distinctive and is likely to cause confusion as to the scope of the protection.

***Burden of proof in invalidation actions imposed***

Current Trademark Law	Amended Trademark Law
No specific requirements.	Evidence proving the use of an earlier trademark for three years preceding the invalidation application is required if the owner of the earlier trademark wishes to invalidate a later trademark and the earlier trademark has been registered for three or more years.

***Reasonable royalties and remedies for well-known trademarks added***

Current Trademark Law	Amended Trademark Law
<ul style="list-style-type: none"> <li>The remedies for trademark infringement include loss of profits, damage suffered, profits earned by the infringement or from 500 to 1,500 times the value of the unit price.</li> <li>The owner of a well-known trademark can claim against dilution only after actual dilution occurs.</li> </ul>	<ul style="list-style-type: none"> <li>The remedies for trademark infringement include loss of profits, damage suffered, profits earned by infringement, up to 1,500 times the value of the unit price or reasonable royalties.</li> <li>The owner of a well-known trademark can claim against dilution as long as the trademark is likely to be diluted.</li> </ul>

**‘Use of trademark’ and additional trademark infringements clearly identified**

Current Trademark Law	Amended Trademark Law
<p>‘Use of trademark’ defined as “using a trademark on goods or with services for promotional purpose”.</p>	<ul style="list-style-type: none"> <li>• ‘Use of trademark’ refers to use of a trademark on the package or advertising documents, possession, display, sale, export or import.</li> <li>• In addition to the unauthorised use of a trademark, acts in preparation for unauthorised use, such as preparing, processing and contributing acts, will also be deemed to be trademark infringement.</li> </ul>

**Border enforcement mechanism reinforced**

Current Trademark Law	Amended Trademark Law
<p>No mention of border enforcement mechanisms in the Trademark Law, but included in customs regulations.</p>	<p>Provisions for border enforcement mechanisms inserted.</p>

**Practical suggestions for trademark policy**

As a result of the amended Trademark Law, rights holders will need to formulate new or adjust existing trademark policies. The following are 10 practical suggestions of how this can be done:

- Consider applying for different trademarks that best fit particular transaction models. Additional types of mark may be protected and it may be prudent to utilise new types of mark in certain situations.
- Keep track of deadlines and establish evidence of unintentional failure if necessary, making use of the new priority date. If a payment deadline is missed unintentionally, inform TIPO that the failure was unintentional. If you are not a national of a Paris Convention member country but have residency in a member country, you will enjoy the same national treatment as citizens of the member country.
- Use the correct terms for a trademark licence in contracts, and draft and review licence agreements carefully. In particular, clearly define the relationship between licensor and licensee. Different terms will have different meanings if no specific definition is indicated in the agreement.
- Consider trademark ownership – in particular, issues of joint ownership should be considered and understood.
- Use geographical certification to create value. The amended law has enhanced protection of GIs, so consider this type of protection if appropriate.
- There is no need to disclaim unless necessary. Applicants need not disclaim the exclusive part of a trademark unless the mark is likely to cause confusion.
- Establish evidence of use of an earlier trademark. If you wish to base the invalidation of another party’s trademark on your earlier trademark, ensure that you can prove use of your mark.
- Consider using reasonable royalties as a calculation basis when claiming damages, and prove that your trademark is well known and that dilution has taken place in order to obtain remedies. Rights holders can claim reasonable royalties and attack infringers to prevent dilution.
- Collect evidence of preparation to infringe to enhance claims. In addition to the unauthorised use, acts performed by an infringer when preparing to use a mark without authorisation will also be deemed trademark infringement. You will be able to stop the infringement earlier with sufficient evidence.
- Use border enforcement mechanism against infringers. This is an efficient way to protect your trademarks.

**Comment**

Overall, the amended Trademark Law favours rights holders more than the existing law. This is good news for those who do business in and wish to seek trademark protection in Taiwan. Rights holders should consult their trademark lawyer in order to make best use of their marks and enhance the value of their business.

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