

March 14, 2008

To: Intellectual Property Office via the Interchange Association, Japan

Japan Intellectual Property Association

Taisuke Kato, President

Revised Trademark Act (Draft) of Taiwan

We are an association established in Japan in 1938 by private companies to promote intellectual property protection. Our members consist of more than 900 major Japanese companies. It is our mission to submit our opinions and requests to the relevant authorities in other countries, when necessary, in order to contribute to enhancing their intellectual property systems and the implementation thereof.

Having examined your revised Trademark Act (Draft), which was recently publicized, we are sending you our comments as attached hereto. Your kind consideration would be very much appreciated.

Attachment:

1. Comments on five subjects

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Subject	Lengthening of period during which a response may be made to a written notice stating the reasons for rejection
Reference	Article 9, para.1 and Article 24 of the revised Act (Draft)
Comment	<p>[Comment]</p> <p>We would like you to prescribe two to three months as the period during which a foreign applicant may submit a response to a written notice stating the reasons for rejection.</p> <p>[Reasons]</p> <p>Article 9, para.1 of the revised Act (draft) specifies that any applicant undergoing the trademark application procedure or any other procedure may request an extension of the statutory or prescribed period before said period expires by submitting a written statement clarifying the reasons to the trademark authorities. Since such extensions have been routinely conducted in practice, we appreciate your stipulating in said Act that an applicant may request an extension of the period (prescribed period) to respond to a written notice stating the reasons for rejection by submitting a written statement clarifying the reasons before said period expires.</p> <p>Article 24 of the revised Act sets forth that a response to a written notice stating the reasons for rejection shall be submitted within 30 days, which is often too short a time for foreign applicants to examine the reasons stated in the notice and prepare an appropriate response, because those applicants have to carry out such extra tasks as translating the notice and response and discussing with local agents. Consequently, the applicants often end up filing a request for an extension of the prescribed period. This is a great burden for foreign applicants.</p> <p>Many countries prescribe a longer response period for foreign applicants than that prescribed for domestic applicants.</p> <p>Furthermore, under the Taiwanese Patent Act, the period prescribed for foreign applicants to respond to a written notice stating the reasons for rejection was extended from 60 days, which is still applicable to domestic applicants, to 90 days. This extension took effect from January 2008.</p> <p>In consideration of these circumstances, we would like to request you to prescribe a longer period for foreign applicants who have filed trademark applications from overseas to respond to a written notice stating the reasons for rejection.</p> <p>[Situations in other countries]</p> <p>In Japan, the length of the response period starting from the mailing date of a written notice stating the reasons for rejection is 40 days for residents in Japan and three months for those who live outside Japan. Meanwhile, South Korea and Southeast Asian countries prescribe a response period of two to four months, while the United States and Europe prescribe six months and three months, respectively. In each of these countries or regions, the length of the response period prescribed is the same for those who live in the country as for those who live outside.</p>

Subject	Prohibition on filing an illicit application for an unregistered trademark that is well known in another country
Reference	Article 23, item 15 of the revised Act (Draft)
Comment	<p>[Comment]</p> <p>We would like to request you to subject a trademark that has already been used in another country to Article 23, item 15 of the revised Act and to stipulate in said Act that, in the case of a trademark that has already been used by “another person” in or outside Taiwan, an application for the trademark filed by any third party unrelated to that person for the purpose of plagiarism shall be rejected as illicit.</p> <p>[Reasons]</p> <p>In the case of a trademark that is unused and unregistered in Taiwan but well-known in another country, Article 23, item 14 of the current Act used to be insufficient to prevent a third party from filing an application for the trademark without the trademark holder’s consent and obtaining the registration thereof. This shortcoming has been corrected by Article 23, item 15 of the revised Act, which specifies that, in the case of an application for a trademark that is identical or similar to a trademark that has already been used by another person “in or outside” Taiwan, the authorities may reject the application if the applicant has been aware of the existence of said other trademark due to contractual, regional or business relationships with that person. Furthermore, the addition of the phrase “in or outside Taiwan” to Article 23, item 14 of the current Act has clarified that said item is applicable to cases where a trademark has already been used but only in a foreign market. These revisions are beneficial for Japanese trademark users as well.</p> <p>However, said item has remained the same since before the revision in the sense that an application will not be rejected unless the applicant has been aware of such other person’s trademark due to a certain relationship. In consideration of the fact that, as described in the explanation of the revision, the purpose of said item is to prevent the plagiarism of a trademark that has been created and used by another person, any application filed by a third party unrelated to such other person without the trademark holder’s consent should be rejected as illicit under said item. While it may be possible to ensure the application of said item to such cases by creating examination guidelines, the wording of the item seems to be insufficient to ensure that it applies to a trademark application filed by a third party unrelated to such “another person” who has already been using an identical or similar trademark in or outside Taiwan.</p> <p>For these reasons, the modifications we would like you to make in connection with the upcoming revision of the Act are not only to subject the prior use of a trademark in another country to said item but also to stipulate in said Act that, in the case of a trademark that has already been used by “another person” in or outside the country, an application for the trademark filed by a third party unrelated to that person for the purpose of plagiarism shall be rejected as illicit.</p> <p>[Situations in other countries]</p> <p>In Japan, a trademark application filed by a person who uses a trademark that is identical or similar to a trademark that is well known in or outside Japan for an illicit purpose is rejected (Article 4, para.1, item 19 of the Japanese Trademark Act). Under this provision, in the case of a trademark that is only well known in another country, an application for the trademark filed by a third party unrelated to the prior user is rejected as illicit. In this way, illicit trademark registration is prevented.</p>

Subject	Abolition of the rule obliging each trademark licensee to clearly indicate on the goods and packages bearing the trademark that the trademark is used under a license agreement
Reference	Article 33-1, para.3 of the revised Act (Draft)
Comment	<p>[Comment] We would like to request you to abolish the current rule obliging each trademark licensee to clearly indicate on the goods and packages bearing the trademark that the trademark is used under a license agreement.</p> <p>[Reasons] In most countries, the licensee's obligation is considered to be satisfied as long as the licensee maintains the quality of the licensed goods. The additional rule obliging every trademark licensee to indicate on the goods and packages bearing the trademark that the trademark is used under a license agreement imposes excessive burdens on both trademark holder and licensee, because they usually have to deal with many different forms of licensed trademark and many different types of licensed goods. In consideration of these circumstances, we would like to request you to consider abolishing the rule obliging each trademark licensee to clearly indicate on the goods and packages bearing the trademark that the trademark is used under a license agreement.</p> <p>[Situations in other countries] The JPO, USPTO and EPO do not impose such an obligation on licensees. No recommendations or other rules have been set forth by the relevant authorities in connection with such an obligation either.</p>

Subject	Criteria for determining whether a trademark may be cancelled on grounds of non-use
Reference	Article 33-1, para.1 and Article 57, para.1, item 2 of the revised Act (Draft)
Comment	<p>[Comment] We would like to request you to create a provision or rule stipulating that “the use of a trademark by a licensee,” whether registered or unregistered, shall be regarded as the use thereof.</p> <p>[Reasons] While the “license” mentioned in Article 57, para.1, item 2 of the revised Act is not required to be registered, Article 33-1, para.1 of the revised Act specifies that “An unrecorded entry shall have no locus standi against any third party.” These provisions, if interpreted in combination, might be taken to indicate that “the parties concerned” means the licensor and the licensee and that “a third party” means any person other than the parties concerned (including the Intellectual Property Office). This interpretation would lead to the conclusion that the use of a trademark by an unregistered licensee has no locus standi against the Intellectual Property Office.</p> <p>In order to prevent such inconvenience, we would like to request you to create a provision or rule stipulating that the use of a trademark by a licensee, whether registered or unregistered, shall be regarded as the use thereof.</p> <p>[Situations in other countries] The JPO, USPTO and EPO regard the use of a trademark by a licensee, whether registered or unregistered, as the use thereof.</p>

Subject	Provision on notification of the commencement of trademark identification procedures at customs to stop the influx of counterfeit goods
Reference	Article 68-1 of the revised Act (Draft)
Comment	<p>[Comment]</p> <p>We would like to request you to modify Article 68-1 of the revised Act in order to extend the period within which a trademark holder is required to show up at the customs and check whether the suspected infringing goods are authentic or infringing. We consider it appropriate to prescribe about 10 days, regardless of whether the goods are imported or exported by air or sea. We would also like you to create a rule to oblige customs to attach a digital photograph of the suspected infringing goods to the notification of detection of the goods sent to the trademark holder.</p> <p>[Reasons]</p> <p>While understanding that the success of the “Implementation Regulations for Customs Authorities to Suspend Goods Infringing on Trademark Rights”, revised in 2005, has led to the inclusion of Article 68-1 in the revised Act, we consider that the length of the prescribed period specified in said Article – “four hours” or “one working day” – is too short. It would be extremely difficult for a trademark holder who has received a notice from customs to take appropriate action in such a short period of time. In some cases, a customs official who detected the suspected infringing goods forces the right holder to determine whether the goods are authentic or infringing within a few hours just because he or she wants to close the case before his or her shift ends. This is one of the reasons why trademark holders cannot take appropriate action and sometimes have to let the suspected infringing goods clear customs. To prevent such inconvenience, we would like to request you to prescribe about 10 days, regardless of whether the goods are imported or exported by air or sea, for trademark holders to make preparations.</p> <p>Many examples in other countries prove that, if customs attach a digital photograph of the suspected infringing goods to the notification to the trademark holder, it greatly helps the trademark holder to take prompt action. Therefore, we would like to request you to consider establishing a rule to oblige customs to attach a digital photograph of the suspected infringing goods to the notification to the trademark holder.</p> <p>[Situations in other countries]</p> <p>In the United States, when suspected infringing goods are detected, the trademark holder is permitted to have customs detain the goods for a period of 30 days. Meanwhile, EU regulations permit a detention period of 10 working days for such goods, whether imported or exported (three working days in the case of a voluntary seizure conducted ex officio by customs). In Japan, when such goods are detected, the trademark holder is permitted to submit evidence and present opinions “within ten working days from the day following the date stated on the notice of the commencement of trademark identification procedures.”</p> <p>In the United States, EU member countries and other countries, customs sends a digital photograph of the suspected infringing goods to the trademark holder.</p>

Subject	Abolition of time limit on the filing of a request for a trial to invalidate a trademark that was already in use when registered illicitly
Reference	Article 23, para.1, item 15 and Article 51, para.3 of the revised Act (Draft)
Comment	<p>[Comment]</p> <p>We would like to request you to add the case of a trademark registered in violation of Article 23, para.1, item 15 of the revised Act to the exceptional cases to which the prescribed period (five years from the publishing date of the trademark registration) shall not apply, so that no time limit is imposed on the filing of a request for a trial for invalidation of such a trademark.</p> <p>[Reasons]</p> <p>Article 51, para.1 of the revised Act specifies that a request for a trial to invalidate a trademark may be filed within five years from the publishing date thereof if the request is made based on certain reasons for invalidation (Article 23, para.1, item 1, item 2 and items 12 to 17, and Article 59, para.4). As an exception, Article 51, para.3 of the revised Act specifies that the prescribed period shall not apply to a trademark that was registered in bad faith in violation of Article 23, para.1, item 12 (Causing confusion about quality).</p> <p>Article 23, para.1, item 15 of the revised Act specifies that, in the case of a trademark that is identical or similar to another person's trademark which has already been used in or outside Taiwan, an illicit application for the trademark filed in bad faith for the purpose of plagiarism shall be rejected. Since Article 51, para.3 of the revised Act is designed to impose no time limit on the filing of a request for invalidation of a trademark as long as the trademark was registered in bad faith, we consider it appropriate not to impose any time limit on the filing of a request for a trial for invalidation of a trademark registered in violation of Article 23, para.1, item 15, as is the case with a trademark registered in violation of Article 23, para.1, item 12.</p> <p>Therefore, we would like to request you to add the case of a trademark registered in bad faith in violation of Article 23, para.1, item 15 (Illicit application for a trademark already used in or outside Taiwan) to the exceptional cases specified in Article 51, para.3 of the revised Act, to which the prescribed period (five years from the publishing date of the trademark registration) does not apply, so that, if a third party illicitly obtains the registration of a trademark that has already been used in another country, no time limit will be imposed on the filing of a request for a trial for invalidation of the trademark.</p> <p>[Situations in other countries]</p> <p>In Japan, in the case of a trademark registered for the purpose of unfair competition or any other illicit purposes, there is no time limit imposed on the filing of a request for invalidation of the trademark (Article 47 of the Trademark Act) because such a trademark is exempt from the application of the prescribed period for the filing of a request for a trial for invalidation (five years from the date of registration). Furthermore, in the case of a trademark that is identical or similar to another person's trademark which is well known in or outside Japan, if the registration of the trademark is obtained for an illicit purpose in violation of Article 4, para.1, item 19 of the Trademark Act, no time limit will be imposed on the filing of a request for a trial for invalidation of the trademark to begin with (Article 47 of the Trademark Act).</p> <p>Article 6bis (3) of the Paris Convention specifies that no time limit shall be imposed on the filing of a request for invalidation of a trademark that has been registered in bad faith.</p>