



# Trademarks

in 42 jurisdictions worldwide

Contributing editors: Joseph Nicholson and Stuart Sinder

# 2010



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**Trademarks 2010**  
Published by  
Law Business Research Ltd  
87 Lancaster Road  
London, W11 100, UK  
Tel: +44 20 7908 1188  
Fax: +44 20 7229 6910  
© Law Business Research Ltd  
2009

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ISSN 1745-4638

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Printed and distributed by  
Encompass Print Solutions  
Tel: 0870 897 3239

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# Taiwan

Peter J Dernbach\*

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## 1 Ownership of marks

Who may apply?

Any individual, corporation or legal entity may apply to the Taiwan Intellectual Property Office (TIPO) to register a trademark in Taiwan. Foreign applicants from WTO member countries or countries that protect trademarks on a reciprocal basis with Taiwan may apply, but those not domiciled or established in Taiwan must appoint a trademark agent in Taiwan to register a mark.

## 2 Scope of trademark

What may and may not be protected and registered as a trademark?

Under Taiwan's Trademark Act a trademark may be a word, figure, symbol, colour, sound, three-dimensional shape or a combination thereof. The TIPO is drafting proposed amendments to the Trademark Act that would extend registration to scents, motion marks and holograms, but these proposed amendments have not yet been submitted to the legislature. To gain registration, a mark must be sufficiently distinctive to enable relevant consumers of goods or services to recognise it as a mark indicating the source of goods or services, and to differentiate them from goods or services provided by others.

Unregistrable marks are listed in article 23 of the Trademark Act. These include marks that:

- are non-distinctive;
- are identical or similar to a registered mark intended for use with the same or similar goods or services and likely to cause confusion;
- are identical or similar to well-known marks and likely to dilute such marks or cause confusion;
- are identical or similar to a mark first used by another party in connection with the same or similar goods or services where the applicant knows of said mark's existence;
- are identical or similar to national flags or to emblems, seals or certificates of domestic or foreign organisations;
- mislead as to the nature, quality, or origin of the goods or services; or
- are identical or similar to a geographical indication for a wine or alcohol product.

## 3 Registration time frame and cost

How long does it typically take, and how much does it typically cost, to obtain a trademark registration?

A routine trademark application is typically approved within eight to 12 months from the date of filing. Office actions issued by the TIPO and opposition action by a third party will likely prolong the registration process. Once approved, the applicant will pay the registration fee and registration will be published in the Trademark Gazette for a three-month opposition period. The cost to file a trademark application in one class with 20 or fewer designations is approximately US\$700 plus disbursements, assuming no priority claims or office actions.

## 4 Classification system

What classification system is followed, and how does this system differ from the International Classification System as to the goods and services that can be claimed?

Although not a signatory to the Nice Agreement, Taiwan does follow the Nice Classification of Goods and Services. Taiwan's classification system also features sub-classifications similar to those adopted in Japan. Goods are generally presumed to be similar to other goods in the same subclass, but they may also be similar to goods or services in other subclasses or classes.

## 5 Conflicts with other trademarks

Are applications examined for potential conflicts with other trademarks? What is the procedure followed by the Trademark Office?

The TIPO conducts a substantive review of each trademark application, examining the inherent registrability of the mark (distinctiveness, descriptiveness, etc) and checking for potential conflicts with senior registered marks or earlier-filed applications.

If a mark is found to meet the conditions for registration, the TIPO will notify the applicant of its approval of the mark. Upon payment of the registration fee by the applicant, the TIPO will publish the registration in the Trademark Gazette, whereupon the mark will be open to opposition for three months.

## 6 Use of a trademark and registration

Does use of a trademark or service mark have to be claimed before registration is granted or issued? Does proof of use have to be submitted? If registration is granted without use, is there a time by which use must begin either to maintain the registration or to defeat a challenge on grounds of non-use?

Use of a trademark need not be claimed before a registration is granted. It is therefore not necessary to submit proof of use during the application process. It should be noted that a mark not in use for a continuous period of three years at any point after registration is vulnerable to non-use cancellation.

## 7 Appealing a denied application

Is there an appeal process if the application is denied?

Yes. Appeals are heard by an administrative appellate review in the Ministry of Economic Affairs. Thereafter, administrative suits may be filed with the Intellectual Property Court (IP Court). An appeal against an IP Court ruling may be brought before the Supreme Administrative Court.

**8 Third-party opposition**

May a third party oppose registration, or seek cancellation of a trademark or service mark? What are the primary bases of such challenges, and what are the procedures?

Any third party may oppose the registration of a mark within three months of the publication of the registration in the Trademark Gazette. The process involves the opposing party filing a notice of opposition with the TIPO identifying the basis for the opposition. The opposing party thereupon submits its arguments and evidence in favour of revocation of the registration of the mark. The applicant will have an opportunity to submit a brief arguing why the registration should be maintained. The TIPO will review all submitted materials and ultimately issue a disposition on the matter.

A mark that has been registered and is no longer in the three-month opposition period may be invalidated upon application by an interested party. Invalidation procedures are similar to those for opposition. The most common bases for oppositions and invalidations are either that the registered marks are confusingly similar to a senior mark that is registered for use in connection with the same or similar goods or services; or that the registered mark is descriptive of the designated goods or services.

A mark may be cancelled for a number of reasons, including non-use of the mark for a continuous period of three years or more, or alteration of the registered mark such that it becomes confusingly similar to the senior mark of another party.

**9 Duration and maintenance of registration**

How long does a registration remain in effect and what is required to maintain a registration?

A registration is valid for 10 years and may be renewed indefinitely. The registration fee must be paid for the entire term in order to maintain the registration for the full 10 years.

**10 The benefits of registration**

What are the benefits of registration?

In Taiwan, trademark rights are based on registration. Registration of a mark therefore confers significant legal benefits. Registration provides the trademark owner with the exclusive right to use the mark in connection with the designated goods and services. It also enables the registrant to preclude others from using the same or a confusingly similar mark in connection with the same or similar goods or services. Infringement of a registered trademark in Taiwan gives rise to both civil and criminal liability, and may be used as a basis for border enforcement, police raids or other preliminary injunctions or attachments. Taiwan's Trademark Act follows a first-to-file system, so early registration of a mark is important.

**11 Assignment**

What can be assigned?

A registered mark is assignable with or without goodwill. All or some of the goods and services may be assigned, and a mark need not be assigned in connection with other business assets to be effective. A trademark may be licensed to multiple licensees. With the permission of the original rights owner, licensees may sub-license an assigned mark to a third party.

**12 Assignment documentation**

What documents are required for assignment and what form must they take?

An assignment agreement executed by both parties, and a power of attorney from the assignee are required to record the assignment with the TIPO. Neither notarisation nor legalisation is required.

**13 Validity of assignment**

Must the assignment be recorded for purposes of its validity?

The assignment need not be recorded to be valid as between the assignor and the assignee. The assignment must be recorded, however, for it to be asserted against any third party.

**14 Security interests**

Are security interests recognised and what form must they take?

A trademark may be the subject of a pledge. Such pledges must be recorded in order to be asserted against any third party. The pledge documents need not be notarised or legalised.

**15 Markings**

What words or symbols can be used to indicate trademark use or registration? Is marking mandatory? What are the benefits of using and the risks of not using such words or symbols?

Symbols such as 'TM' and '®' may be used but are not obligatory under Taiwanese law. Use of recognised symbols such as 'TM' and '®' are beneficial in the sense that competitors and customers are more likely to be aware of the use or registration of a mark. The symbols, however, accord no special privileges to the user, and care must be taken to ensure that the '®' symbol appears only on registered marks.

**16 Trademark enforcement proceedings**

What types of legal or administrative proceedings are available to enforce the rights of a trademark owner against an alleged infringer, apart from previously discussed opposition and cancellation actions? Are there specialised courts or other tribunals? Is there any provision in the criminal law regarding trademark infringement or an equivalent offence?

Trademark infringement gives rise to civil and criminal liability in Taiwan.

Criminal proceedings are the most common form of remedy as the police and prosecutors have authority to obtain or compel the defendant to produce evidence that might not be obtainable through a civil proceeding. Taiwan's Trademark Act provides that trademark infringement may be punished by imprisonment of up to three years and criminal fines of up to NT\$200,000.

Civil suits for trademark infringement may be brought before the IP Court as an independent civil claim or as an ancillary claim to a criminal proceeding.

Border enforcement measures are available. Trademark registrants may record their marks with customs, and customs will include these marks in their review of imported and exported products. In order for customs to suspend or seize suspected infringing products, the trademark registrant or its agent must be able to confirm whether the potentially infringing products are genuine or counterfeit within 24 hours of notification.

**17 Procedural format and timing**

What is the format of the infringement proceeding?

Taiwan has a civil law system. Litigation is largely directed by the judge and is conducted over a series of hearings. Taiwan does not have well-developed discovery procedures in place in civil litigation, which is one reason that many trademark registrants pursue criminal actions as the police and prosecutors are able to obtain evidence that might be difficult to obtain in a civil trial. Judges decide cases and may accept testimony from witnesses and experts. Typically, it takes between 12 and 18 months for the court of first instance to reach a decision in a civil case. In a criminal case, the prosecutor will normally hold two to four hearings over a period of several months before issuing a decision to indict or not to indict. The criminal court

## Update and trends

**Proposed revisions to the Trademark Act**

In 2009, the TIPO further revised its package of proposed amendments to the Trademark Act that were originally announced in mid-2007. The TIPO's latest draft includes the following key amendments:

*Protected subject matter*

The scope of registrable marks would be expanded to include any mark that serves to indicate the source of goods or services and is sufficient to distinguish those goods or services from goods or services provided by others. Specifically, scents, motion marks and holograms would be included in the scope of protected subject matter.

*Civil trademark infringement*

Acts constituting civil trademark infringement would include (but not be limited to):

- affixing an infringing mark on goods or the packaging thereof;
- using an infringing mark on tags, containers or labelling not directly affixed to goods; possessing, displaying, distributing, importing or exporting such materials;
- using an infringing mark on printed advertisements, or by means of video, electronic or other media; or
- importing or exporting goods bearing an infringing mark.

*Civil damages*

Civil damages are currently calculated on the basis of:

- actual damages suffered by the trademark owner;

- the benefits to the defendant arising from the infringement of trademark rights; or
- 500 to 1,500 times the unit retail price of the infringing goods.

The TIPO's latest draft removes the '500 times the unit retail price' multiplier minimum. Rightholders are concerned that under the proposed change, it will become increasingly difficult to obtain compensatory damages.

*Border enforcement*

Upon discovering obviously infringing goods, Customs shall notify the relevant trademark owner as well as the importer or exporter of the suspect goods.

*Criminal penalties*

The previous version of the TIPO's draft amendments provided for an increase in the maximum fine imposed for infringement of trademark rights from NT\$200,000 to NT\$750,000. The TIPO's latest version retains the current maximum fine of NT\$200,000.

*Nominative fair use*

The definition of nominative fair use would be expanded. For example, the proposal would allow for use of another's marks in comparative advertising or in advertising of maintenance services for marked goods.

of first instance will then typically take between 12 and 18 months to reach its decision.

**18 Burden of proof**

What is the burden of proof to establish infringement or dilution?

To establish infringement, the plaintiff must provide evidence demonstrating that use of the defendant's mark is likely to cause confusion or misidentification by relevant consumers, and that the infringement was intentional or arose out of negligence on the part of the defendant. To prove dilution, the plaintiff must establish that the defendant's use of its mark caused actual dilution of the famous mark and that the dilution was intentional. Evidence of fame of the plaintiff's mark could be established through advertisements in various media, invoices and sales figures, brochures, catalogues, and brand-ranking data.

**19 Standing**

Who may seek a remedy for an alleged trademark violation and under what conditions? Who has standing to bring a criminal complaint?

The trademark owner or its licensee whose licence has been recorded with the TIPO may enforce rights against third parties.

**20 Foreign activities**

Can activities that take place outside the country of registration support a charge of infringement or dilution?

Activities that have taken place outside Taiwan would not support a charge of infringement or dilution. A rightholder could take action in Taiwan, however, if it could be established that one or more elements of the activity occurred in Taiwan. For example, orders are placed with the Taiwan entity who in turn coordinates the production and shipment of infringing goods in another country. Customs does have the authority to seize infringing goods that are being either imported or exported from Taiwan, regardless of whether or not other infringing activities have taken place within Taiwan.

**21 Discovery**

What discovery devices are permitted for obtaining evidence from an adverse party, from third parties, or from parties outside the country?

Discovery tools are not well developed in civil litigation in Taiwan. For this reason, many trademark registrants pursue criminal actions to avail themselves of the criminal discovery devices police and prosecutors may utilise to obtain evidence that would otherwise be difficult to obtain in a civil trial. A plaintiff may request that the court compel a defendant or third party to provide evidence relevant to an infringement case. Investigators may also be useful in gathering evidence of infringement and other relevant facts for consideration by the court.

**22 Timing**

What is the typical time frame for an infringement or dilution, or related action, at the preliminary injunction and trial levels, and on appeal?

An infringement or dilution action typically takes 12 to 18 months in the court of first instance. Eight to 12 months are generally required at the appeal level. Preliminary attachments may be obtained as quickly as within a few working days. Preliminary injunctions would usually be obtained within two weeks.

**23 Litigation costs**

What is the typical range of costs associated with an infringement or dilution action, including trial preparation, trial and appeal?

Costs for an infringement or dilution action from trial preparation through the first instance in either a criminal or civil action can range between US\$20,000 and US\$40,000 depending on the complexity of the matter. For a criminal action, this would include a complaint to the prosecutor's office, prosecutorial hearings to determine whether to indict and, if yes, several hearings to reach a decision. A typical civil action would involve the filing of a complaint with the IP Court followed by several hearings.

Criminal and civil appeals in infringement and dilution actions are heard by the IP Court. The costs associated with this stage also generally range between US\$20,000 to US\$40,000.

In a civil action, the plaintiff must remit a court fee of approximately 1 per cent of the amount claimed. The court fee in an appeal action is approximately 1.5 per cent of the amount claimed.

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#### 24 Appeals

What avenues of appeal are available?

Taiwan's newly established IP Court hears all administrative, civil and criminal trademark appeals of decisions by courts of the first instance. Further appeals are heard by the Supreme Court and the Supreme Administrative Court.

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#### 25 Defences

What defences are available to a charge of infringement or dilution, or any related action?

Defences against charges of infringement or dilution can vary widely according to the facts of a particular case. The most commonly asserted defences are that the allegedly infringing mark is not confusingly similar or diluting to the plaintiff's mark, that the marks in question designate different goods or services or that the plaintiff's mark is not famous in Taiwan. Other typical defences concern prior use, non-use, validity of the plaintiff's registration, differences in trade channels and parallel importation.

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#### 26 Remedies

What remedies are available to a successful party in an action for infringement or dilution, etc? What criminal remedies exist?

Remedies include monetary awards for damages, injunctive relief, attachment of assets, court fees, declaration of infringement, seizure and destruction of infringing goods, imprisonment and fines.

Civil damages may be calculated as follows:

- the actual damages suffered by the trademark owner;
- the benefits obtained by the defendant from infringement of the trademark rights; or
- 500 to 1,500 times the unit retail price of the infringing products.

Both preliminary and permanent injunctions are available and Taiwan's Trademark Act does provide for criminal liability for trademark infringement. The criminal penalties include imprisonment of up to three years and criminal fines of up to NT\$200,000. Prison terms of up to six months may be commuted into fines, and this is often the case in trademark infringement cases.

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#### 27 ADR

Are ADR techniques available, commonly used and enforceable? What are the benefits and risks?

Mediation and arbitration are available where parties in a dispute consent. These approaches are sometimes useful in cases where the allegedly infringing behaviour is conducted by a former licensee, but criminal and civil actions, typically in conjunction, tend to be the most effective remedies.

\* *The author would like to thank the following contributors: Jesimy Yu and Mark Brown.*

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