

RECENT DEVELOPMENTS IN INTELLECTUAL PROPERTY LAW IN THE REPUBLIC OF CHINA

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I. INTRODUCTION

In ancient cultures, including that of China, there was no such thing as intellectual property rights. The ancient Chinese, in fact, often filled treatises by "borrowing" from the Chinese clas-

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sics and other scholars' works without formally crediting the source. Other countries had similar experiences. At the beginning of the nineteenth century, for example, the United States experienced rampant piracy of European books. Since that time, much progress has been made in developing and enforcing intellectual property rights not only in the United States but in many other countries as well.

This article introduces recent advances in the protection of intellectual property rights in the Republic of China (hereinafter "ROC"). Recent progress includes not only the rather extensive legal changes, but also various administrative measures that are part of ongoing public and private efforts to instill the concept of intellectual property protection in the general populace and to convey its importance for a modern industrial society.

II. ENFORCEMENT OF INTELLECTUAL PROPERTY LAWS

This section will present a brief overview of the enforcement of intellectual property laws and then provide additional detail on recent revisions of those laws.

A. GOVERNMENT MEASURES

ROC government ministries and agencies enforce intellectual property laws in a variety of ways. The Ministry of Economic Affairs ("MOEA") established the Anti-Counterfeiting Committee ("ACC") in March 1981. The committee's major responsibilities are to act on complaints, to crack down on commercial counterfeiting and to coordinate necessary investigations of alleged counterfeiting cases, and to collect and distribute statistics on counterfeiting activities.

On June 20, 1983, the Police Administration under the Ministry of the Interior instructed district police units to act directly on complaints of commercial counterfeiting and to assist in referring allegations to the courts for legal investigation. Then, on July 11, 1985, the Executive *Yuan* announced "Guidelines for Implementation of Prevention of Counterfeiting Activities by the National Police Administration" to ensure strengthened police investigations in uncovering counterfeiting.

The Ministry of Justice has actively participated in investigations of trademark, patent, and copyright infringement cases. In October 1982, the Judicial *Yuan* requested all courts to impose proper penalties on trademark and patent infringers and urged the courts to pay special attention to the seriousness of each case. In addition, the Judicial Training Institute has offered courses to expand professional expertise among judges in regards to laws

which govern intellectual property, trademarks, patents, and copyrights.

The Ministry of Economic Affairs promulgated "Measures Governing the Prevention of Trademark Counterfeiting and False Marking of Place of Origin" on May 16, 1981. As a result, permits for all export commodities must indicate the trademarks used on the export items. The Ministry of Education includes the concept of protection of intellectual property in educational materials for elementary and secondary schools in accordance with a "Counterfeiting Prevention Plan" approved by the Executive Yuan. In addition, the Government Information Office of the Executive Yuan established, in February 1985, a special task force to promote anti-counterfeiting through educating the public.

B. PRIVATE SECTOR ADVANCES

In addition to the above measures, private organizations also promote education on protection of intellectual property. As recently as twenty years ago, very few courses concerning intellectual property were offered, and few books were written on the topic. Today, every law school offers courses on intellectual property law, and many university engineering and other departments offer electives on the subject. The number of books on intellectual property has mushroomed as well.

The private sector has taken enforcement measures as well. In March 1984, the Chinese National Federation of Industries established the National Anti-Counterfeiting Committee ("NACC") to assist the government in fighting counterfeiting activities. In order to be more effective, on January 1, 1990, the NACC was reorganized as the Intellectual Property Protection Committee ("IPPC"). The purposes of the IPPC are to (1) help carry out intellectual property protection policies in coordination with various government agencies; (2) publicize the concept of intellectual property rights; (3) strengthen communication and cooperation with international organizations; and (4) provide legal consultation services on intellectual property to members.¹

In March 1992, the Board of Foreign Trade designated the Institute for Information Industry to establish and implement an export inspection system of computer software and to determine whether such exports have been duly authorized by copyright owners. This inspection system has involved setting up procedures for copyright registration based on which export permits are issued. In a little more than one year, significant human re-

1. Intellectual Property Protection Committee, (Lee & Li eds., 1990), (ROC).

sources and over US\$5 million have been expended in its implementation. It is expected to decrease the amount of pirated computer that is exported each year.

Various associations of copyright holders have taken more active roles in recent years. Since 1989, the ROC Copyright Holders Association, which has been active in protecting the rights of its members since it was established more than twenty years ago, has acted as an agency for copyright owners in collecting performance right royalties. In addition, other associations, such as the Taiwan Folk Song Composers Association, the ROC Authors Association, and numerous others, have been active in similar ways. Rules are currently being prepared for Supervision of Copyright Intermediary Associations. These rules will govern such copyright royalty collection associations and should better secure the rights of copyright owners and users.

Several other private sector groups have participated in this advancement. Various inventors associations, in conjunction with the National Bureau of Standards ("Bureau") regularly sponsor invention conventions and exhibitions. The Bureau also gives awards to encourage invention, nurture product design talents, and prevent patent infringement. Furthermore, the China External Trade Development Council operates a special Product Design Center to help manufacturers design and improve products, a form of assistance considered effective in helping to eliminate patent infringements. The Phonograph Manufacturers Association, the International Association for the Promotion of Original Brands, and many other civic organizations have also been actively engaged in their own anti-counterfeiting work for many years.

III. AMENDMENT OF LEGISLATION

A. COPYRIGHT LAW

The Copyright Law was revised in 1992, and again in 1993 to comply with the Agreement for the Protection of Copyrights between the ROC and the U.S. ("U.S.-ROC Agreement").² These revisions made major legal changes in two significant areas; the protection of foreign works and translations.

According to the current law, protection of foreign works is based upon completion, rather than upon the former requirement of registration. However, such foreign works must meet

2. Pei Mei Shih Wu Hsieh Tiao Wei Yuan Huei Yu Mei Kuo Tsai Tai Hsieh Huei Chu Tso Chuan Pao Hu Shieh Ting [Agreement for the Protection of Copyrights], July 16, 1993, U.S.-ROC.

one of two requirements to obtain protection:³ (1) The foreign work must be first published in the ROC or published in the ROC within thirty days after first publication elsewhere; or (2) a treaty or agreement must exist between the foreign author's home country and the ROC providing for reciprocal copyright protection.⁴

However, under the U.S.-ROC Agreement there is a back door for those works from countries which do not have reciprocal protection with the ROC. First, this bypass provides protection to works of an individual or juridical person first published in the U.S. or first published outside the U.S. and within thirty days thereafter published in the U.S.⁵ Second, where a work is first published in a country that is a signatory to the Berne Convention or Universal Copyright Convention, protection extends to any of the following parties acquiring the exclusive right to such work within one year after first publication, provided that such work is available to the public in the ROC or U.S.:⁶ (1) U.S. or ROC nationals; (2) a legal entity, wherever located, which is directly controlled by a U.S. or ROC person or entity; (3) a legal entity, wherever located, in which a majority of the shares or other proprietary interest are owned by a U.S. or ROC person or entity; (4) a legal entity, wherever located, which is controlled by a branch or subsidiary of a U.S. or ROC legal entity; (5) individuals having habitual residence in the U.S.;⁷ and (6) individuals having habitual residence in the ROC.⁸

1. Translation Rights

The current law provides translation rights to foreign authors and copyright owners, while the previous law generally reserved translation rights to ROC nationals. Serious problems have arisen because of the difficulty in obtaining permission to translate from copyright owners, especially copyright owners of high-technology materials, which may hinder economic and technical progress. As for unauthorized translations made under the old law, no further reproduction is allowed, and the remaining copies could be sold only until June 11, 1994.

3. Chu Tso Chuan Fa [Copyright Law of the Republic of China] art. 4 (1993) (ROC) [hereinafter Copyright Law].

4. According to the Copyright Committee, to date the U.S., Switzerland, the U.K. including its colonies, Hong Kong, Switzerland, Spain, and South Korea have some form of treaty or agreement with the ROC, subject to this condition.

5. Agreement for the Protection of Copyrights, *supra* note 2, art. 1.

6. *Id.* art. 1, para. 4.

7. *Id.* art. 1, para. 6.

8. *Id.*

2. *Architectural Works*

The current law extends protection for the first time to "architectural works," which include any architectural design drawing, architectural model, building or construction, and other architectural works.

3. *Duration of Moral and Economic Copyrights*

The current law explicitly divides copyrights into moral rights and economic rights. Moral rights are exclusive to the author during his or her lifetime and cannot be assigned or inherited.⁹ The term of copyright protection for economic rights has been extended from the author's lifetime plus thirty years under the old law, to the author's lifetime plus fifty years.¹⁰ The term of certain works has also been extended to fifty years from the date of first public release.¹¹ The protection applies to anonymous and pseudonymous works, works by juristic authors, photographic works, audiovisual works, sound recordings, and computer programs.

4. *Works Made for Hire*

The current law varies dramatically from the old law with respect to "works made for hire." According to the former law, copyright of "works made for hire" belonged to the employer or patron.¹² Under current law, where an author completes a work during the course of his employment, unless otherwise provided in the employment contract, the copyright should be vested with the author, not his employer. In other words, the author of "works made for hire" is not automatically the juristic person or the patron unless the ownership of copyright is clearly defined in the contract.¹³

5. *Compulsory License and Registration*

In addition to musical works covered under the old law, petition for compulsory license can now be made for literary works.¹⁴ Copyright registration is not mandatory to acquire protection. However, assignment, exclusive license, or restrictions

9. Copyright Law, *supra* note 3, art. 21.

10. *Id.* art. 30.

11. *Id.* arts. 32-34.

12. Article 10 of the 1985 law states, "Copyright of a commissioned work shall be vested in the patron provided that, if the agreement between the parties stipulates otherwise, such agreement shall prevail." Chu Tso Chuan Fa [Copyright Law of the Republic of China] art. 10 (1985) (ROC).

13. Copyright Law, *supra* note 3, arts 11-12.

14. *Id.* arts. 67, 69.

on disposal of economic rights must have been registered in order to set up a defense against third parties. In practice then, registration serves as prima facie evidence in the event that infringement occurs.

6. *Parallel Imports*

The importer of foreign copyrighted works should acquire prior authorization from the copyright owner before importing such works. If prior authorization is not obtained, the import will be deemed an infringement the copyright of the imported works. However, this provision has caused problems for imports of U.S. publications, laser discs, CDs, films, and tapes, because it has been difficult to obtain written authorization for each shipment. Due to reaction from U.S. traders, the procedures of importation of copyrighted work in this respect have been changed.

7. *Customs' Assistance*

After posting a bond, a copyright owner may seek additional protection from Customs in seizing imported or exported products suspected of infringement.¹⁵ This seizure may occur prior to any legal judgment on infringement.

8. *Remedies Against Infringement*

In cases of actual infringement, copyright owners may initiate criminal action and may also recover civil damages from infringers. Copyright infringement is indictable upon complaint by the copyright owner,¹⁶ but an offense by a habitual infringer can be prosecuted upon complaint by any party. The infringer may be subject to imprisonment of one to seven years.¹⁷

B. TRADEMARK LAW

On December 22, 1993, the Trademark Law was extensively revised to comply with international standards on protecting intellectual property rights. The new law contains the most extensive amendments since promulgation of the original Trademark Law in 1930. This new law contains several important features.

1. *Priority Rights*

An applicant may claim priority within six months from the date of the first application in a foreign country that has a treaty or agreement with the ROC for reciprocal protection of trade-

15. *Id.* art. 104.

16. *Id.* art. 100.

17. *Id.* art. 94.

marks.¹⁸ Because the ROC is not a member of the Paris Convention, no priority of filing of a trademark application could be claimed under the old law.

2. *Secondary Meaning Concept*

“Marked distinctiveness” was a very important requirement in applying for trademark registration under the old law.¹⁹ However, the new law allows an inherent non-distinctive mark, such as description of goods, geographical names, surnames, words, numerals, symbols, or letters signifying a product’s grade or model, to be registered as long as the applicant can prove it has been used in the market and is recognized as a mark for identifying the applicant’s goods.²⁰ This provision provides for the concept of so-called “secondary meaning.”

3. *Protection*

Registration is required to obtain protection of a trademark. The right of exclusive use of a trademark is limited to the exact goods as designated and registered. Under the old law, the protection of a registered trademark was extended to all the goods belonging to the same class. The Enforcement Rules of the Trademark Law, which are being revised to replace the National Classification System, will adopt the International Classification of Goods and Services under the Nice Agreement. Such a change will conform to international standards.

4. *Bona Fide User*

A bona fide user of a trademark shall not be barred from using a trademark which is identical with, or similar to, another person’s registered trademark. However, such duplicate use is limited to goods on which a bona fide user had used the trademark prior to the trademark’s filing date. In addition, the owner of the registered trademark may request the user to add an appropriate distinguishing mark.²¹

18. It is under study whether the 1946 Treaty of Friendship, Commerce and Navigation between the U.S. and the ROC includes such reciprocal treatment. According to the Memorandum of Understanding on Protection of Intellectual Property Rights between Australia and the ROC, there will be such reciprocal treatment between these two countries.

19. Shang Piao Fa [Old Trademark Law of the Republic of China] art. 4 (ROC) [hereinafter Old Trademark Law].

20. Shang Piao Fa [Trademark Law of the Republic of China] art. 5 (1993) (ROC) [hereinafter Trademark Law].

21. Trademark Law, *supra* note 20, art. 23.

5. *First Sale Doctrine*

Registered trademark owners cannot claim the right of exclusive use of the trademark on goods which have been already traded in the market.²² Therefore, "parallel imports" are permitted.

6. *Assignment*

Assignment of a registered trademark need no longer be effectuated together with the business concerned.²³ The time limit of one year for registering assignments has also been eliminated. However, assignment registration is still required as a defense against third parties.²⁴

7. *License*

While registration of licenses is required, the former restrictive requirements have been lifted. That is, administrative approval is no longer needed, and license registration is merely a matter of protecting the licensee against third parties. The new law permits sub-licensing as well.²⁵ A trademark right may now be offered as collateral,²⁶ while no such possibility was allowed under the old law.

8. *Definition of Use*

Under the new law, use of a trademark is defined as its placement on goods, packages, containers, labels, instructions, price lists, or other similar articles possessed, displayed or disseminated for marketing purposes. In addition, the use of a trademark in television commercials, newspaper advertisements, or exhibitions, for the promotion of the sale of goods shall be deemed use.²⁷

9. *Grace Period for Non-Use*

Use of a trademark after its registration is required by the Trademark Law. The grace period for non-use has been extended from two years to three years before the protection automatically lapses.²⁸

22. *Id.*

23. Article 28 of the old Trademark Law states: "The assignment of the right of exclusive use of a trademark shall be effected together with the business concerned." Old Trademark Law, *supra* note 19, art. 28.

24. See Trademark Law, *supra* note 20, art. 28.

25. *Id.* art. 26.

26. *Id.* art. 30.

27. *Id.*

28. *Id.* art. 31, para. 2.

10. Remedies Against Infringement

Infringement is both a criminal and civil offense. Any party can file a complaint for trademark infringement, and an infringer is subject to criminal liabilities if he commits the infringement with intent to deceive. The maximum imprisonment has been reduced from five years to three years;²⁹ and the maximum fine increased to NT\$200,000 (approx. U.S.\$7,400).

11. Introduction of Collective and Certification Marks

For the first time, the new law introduces collective marks,³⁰ which distinguish organizations or membership of organizations, and certification marks,³¹ which certify characteristics, quality, precision or other matters of goods or services.

C. PATENT LAW

The Patent Law was extensively revised on January 21, 1994, to meet the international standard of patent protection. Major features of the revisions are outlined below.

1. Extension of Patentable Items

The scope of patentable items has been increased to include drinks, foods, and habit-forming products;³² discoveries of new uses of objects;³³ and new strains of microorganisms³⁴ (effective after the ROC becomes a General Agreement on Tariffs and Trade ("GATT") member and one year after the Trade-Related Aspects of Intellectual Property Rights ("TRIPS") become effective). For those countries granting reciprocal treatment in this respect to the ROC, this time restriction does not apply.³⁵

2. Duration of Patent Rights

The revised Patent Law extends the terms of protection for new inventions from fifteen to twenty years, for new utility models from ten to twelve years, and for new design patents from five to ten years. On application of the patent holder, process patents

29. *Id.* art. 62.

30. *Id.* art. 74.

31. *Id.* art. 73.

32. Zhuanli fagui [Old Patent Law of the Republic of China] art. 4, para. 1 (ROC) (restriction deleted) [hereinafter Old Patent Law].

33. Only discoveries concerning new uses of chemicals and pharmaceuticals are patentable. *Id.* art. 4, para. 7.

34. Only the cultivating and growing processes for new strains of microorganisms are patentable. *Id.* art. 4, para. 2.

35. Zhuanli fagui [Patent Law of the Republic of China] art. 21 (1994) (ROC) [hereinafter Patent Law].

for manufacturing pharmaceuticals and agrochemicals may be extended, under certain conditions, for a period of two to five years.

3. *Priority Rights*

A patent applicant can claim priority within twelve months from the filing date of his first application in a foreign country which has granted reciprocal treatment for such priority claims to the ROC.³⁶

4. *Patent Right Extended to Importation Right*

A patentee enjoys an exclusive right of importing the patented products in addition to rights of manufacturing, selling, and using his patented invention or creation.³⁷ However, this provision takes effect only after the ROC becomes a GATT member and one year after the TRIPS takes effect. The above time restriction does not apply to countries granting reciprocal importation rights to the ROC.³⁸

5. *Compulsory License of Patents*

The new law also allows the patent applicant to acquire a compulsory license in the following situations: (a) national emergency; (b) non-profit promotion of the public welfare; (c) cases where negotiation of the licensing arrangement cannot be reached;³⁹ (d) decision or judgment has been rendered by ROC courts or the Fair Trade Commission against the patentee⁴⁰ for unfair competition; or (e) a cross-license arrangement cannot be reached between a reinvention patentee and the original patentee, or between a product patentee and a process patentee.⁴¹

6. *The Principle of Patent Right Exhaustion*

A patent right cannot be enforced against the use or resale of products which were manufactured and sold by the patentee or its legitimate licensee(s). The reversal of burden of proof has been amended as well.⁴²

36. *Id.* art. 24.

37. *Id.* arts. 103, 117.

38. *Id.* art. 56.

39. *Id.* art. 78.

40. *Id.*

41. *Id.* art. 80.

42. *Id.* art. 91.

(1) If the product manufactured by a process patent was not commonly known anywhere in the world before the filing date of the process patent, products manufactured by others shall be inferred as being manufactured by the patented process. For products

7. *Infringement*

The new law provides for criminal punishment for patent infringement. Infringing on a product patent (three-year penalty) or a process invention patent (two-year penalty) is no longer punishable by imprisonment. However, the fine has increased to NT\$600,000⁴³ and 300,000,⁴⁴ respectively. Moreover, in order to deter infringement activity, the amount of recoverable damages has been increased to allow up to twice the actual damages as determined by the courts.⁴⁵ This provision of punitive damages is also applicable to infringement of new utility models and new designs.

The general punishment for infringing on a new utility model patent is imprisonment not to exceed two years, and/or a fine not exceeding NT\$150,000.⁴⁶ The punishment for infringement of a new design patent is imprisonment not to exceed one year, and/or a fine not exceeding NT\$60,000.⁴⁷

The deletion of imprisonment penalties for invention patent infringers caused a tremendous dispute during legislative discussion. The National Bureau of Standards, legislators, members of the Taiwan Invention Association, as well as hi-tech industries engaged in contentious debate before that provision was ultimately deleted. In addition, the statute of limitations for criminal complaints has been shortened from one year to six months from the date the complainant became aware of the infringement.

IV. FOLLOW-UP MEASURES

The Copyright Committee of the Ministry of Interior has periodically announced regulations the new law makes necessary. These regulations include the Enforcement Rules, Rules Governing Standards of Royalty Rates for Activities for Public Bene-

which have been imported into the ROC through the custom clearance before the effective date of the new PTL, the reversal of burden of proof mentioned above shall not apply if a recordation is filed with the Patent Authority of the imported products together with supporting evidence and if the manufacturer and supplier of such imported products may be identified.

- (2) The reversal mentioned above may be nullified by counter-evidence. Evidence proving that the product can be manufactured by another process shall be deemed counter-evidence. Any manufacturing and trade secret disclosed in presenting counter-evidence must be sufficiently protected.

43. *Id.* art. 123.

44. *Id.* art. 124.

45. *Id.* art. 89.

46. *Id.* art. 125.

47. *Id.* art. 126.

fit, Rules Governing Application for Approval of Compulsory License for Music Works, Rules Governing Application for Approval of Compulsory License of Translation Works and Fee Schedule of Applications. Rules for Supervision of Copyright Intermediary Associations are currently under preparation.

For the new patent and trademark laws, the following measures are being taken:

- (1) Amending the Enforcement Rules of the Patent Law and the Trademark Law;
- (2) Amending the Trademark Examination Manual to make it more concrete and comprehensible;
- (3) Inviting experts of foreign countries including the United States Patent and Trademark Office to lecture on new trends;
- (4) Implementing a priority claims system within two years after the Patent Law takes effect;
- (5) Formulating and revising precise criteria for patent examinations within six months after the Patent Law takes effect, which will benefit not only patent examiners but also patent practitioners;
- (6) Inviting trademark and patent examiners, agents, and the public to attend seminars and conferences to increase awareness of the new trademark and patent laws;
- (7) Making preparations for the tedious and time-consuming task of converting the old trademark classifications into the international system;
- (8) Writing new pamphlets (including those with a 'Q and A' format) on the new patent and trademark laws so that the public will be better informed about the laws;
- (9) Several months ago, the National Bureau of Standards established the Patent System and Administration Reform committee and recruited representatives of legislative members, scholars, patent agents, attorneys, and government officials to discuss and submit proposals for reforming the patent system and administrative measures;
- (10) Revising rules for granting monetary subsidies or awards to persons winning international or domestic patent competitions;
- (11) Discussing the possibility of a program to offer monetary subsidies for those applying patents in foreign countries; and
- (12) A Memorandum of Understanding recognizing, on the basis of reciprocity, patent and trademark rights was

signed last year between Australia and the ROC. Similar efforts are under way with other countries in order to gain better protection for trademark and patent owners.

V. NEW LEGISLATION IN RELATED AREAS

Copyright Law, Trademark Law, and Patent Law are the main framework of intellectual property. However, some provisions of the Fair Trade Law and the Trade Law are related to intellectual property. Drafts of other laws, such as the IC Layout Protection Law and the Industry Design Law, also pertain to intellectual property.

A. FAIR TRADE LAW

The ROC Fair Trade Law ("FTL") was promulgated on February 4, 1991 and became effective on February 4, 1992. This law includes both antitrust and unfair competition provisions. In addition, a Fair Trade Commission was established to enforce the law. Article 20 of the FTL relates to intellectual property rights.⁴⁸ As the FTL has been in effect for just two years, there still remains some unresolved issues, such as Article 20-I(1)

48. "An enterprise shall not commit any of the following acts with respect to the goods or services provided by its business operation:

1. the identical or similar use of the name of another person, the name of a business establishment, a corporate name, trademark, product container or packaging, external appearance or other symbols signifying the goods of another persons that are commonly known to the relevant public, if such use causes a confusion with goods of any other person, or the sale, transport, export or import of commodities using such symbols;
2. the identical or similar use of the name of any other person, the name of a business establishment, a corporate name or other symbols signifying the business or service of another person that are commonly known to the relevant public, if such use causes a confusion with the facilities or activities of the business or service of any other person; or
3. the use on identical or similar goods trademark which is identical or similar to a well-known foreign trademark not registered in this country, or the sale, transport, export or import of goods bearing such trademark.

The provisions of the preceding paragraph are not applicable to the following cases:

1. the use in an ordinary manner of a generic name customarily associated with the goods themselves or of a symbol customarily used in trading for goods of the same category, or the sale, transport, export or import of the goods bearing the said name or symbol;
2. the use in an ordinary manner of a name or other symbols customarily used in trading for similar business or services;
3. the use of one's own name in good faith or the sale, transport, export or import of goods bearing the said name; or
4. the use in good faith of a symbol identical or similar to the symbol referred to in Items 1 and 2 of the preceding paragraph, before such symbol becomes known to the relevant public, or the use of the said symbol in conjunction with the

prohibiting passing off.⁴⁹ One issue is whether it prohibits "actual confusion" or just "likelihood of confusion." Since the courts have rendered varying judgments, one proposed solution is to amend the FTL.

As to protecting a trademark from being passed off, the FTL requires proof that the trademark is commonly known to the public in the ROC. This has caused difficulty for plaintiffs in proving the "popularity" of trademarks in the market. In regards to "famous marks," infringement without registration in the ROC had been considered a violation of the ROC Trademark Law.⁵⁰ However, this provision was deleted from the new law because Article 20-I(3) of the FTL serves the same purpose.

B. THE TRADE LAW

On February 5, 1993, the Trade Law was promulgated and enacted to expand foreign trade and maintain a sound trade system.⁵¹ This law defines "foreign trade" as the act of exporting or importing commodities and the intellectual property rights attached thereto. It also defines other related matters which cover exclusive rights to the use of trademarks, patent rights, copyrights, and other intellectual property rights under the protection of other laws.⁵²

An exporter/importer committing any of the acts⁵³ listed below will be punished with a fine of not less than NT\$30,000 but not more than NT\$300,000: (1) infringing any intellectual property rights protected by laws of this country or other countries; (2) marking the country of origin of a product in a manner contrary to the governing rules or making false markings; (3) performing any business contract in a manner contrary to the rule of

transfer of business from a person who uses the same in good faith, or the sale, transport, export of import of goods bearing such symbol.

Where the business, goods, facilities or activities of a enterprise is (are) likely to suffer damage or confusion as a result of the act(s) of another enterprise as set forth in Items 3 and/or 4 of the preceding paragraph, the said enterprise may request such other enterprise to affix an appropriate symbol, unless the other enterprise acts only as a carrier of such commodities." Gongping jiaoyifa [Fair Trade Law] art. 20 (1991) (ROC).

49. The first passing-off indictment under the Fair Trade Law is *Kung Ping Huei Kung Pao v.1 No.7 181.8* ["Quick Think" v. "New Quick Think"] July, 1992.

50. "Any person who, with intent to defraud others, uses the same goods or goods in the same class, a trademark which is identical with or similar to an unregistered famous trademark of a foreign country shall be punished with imprisonment of not more than three years' detention and, in addition thereto or in lieu thereof, a fine of not more than NT\$90,000." Old Trademark Law, *supra* note 19, art. 1.

51. Mao I Fa [Trade Law of the Republic of China] (ROC) [hereinafter Trade Law] art. 1.

52. *Id.* art. 2.

53. *Id.* art. 17.

honesty and good faith; (4) disturbing trade order with undue means; or (5) committing any other act damaging the goodwill of this country or creating trade barriers.

If the case is more serious, the Board of Foreign Trade ("BOFT")⁵⁴ may suspend the violator's rights to export or import commodities for more than one month but less than one year, or may revoke his exporter/importer registration. However, if the case is trivial, the BOAT may only issue a warning to the exporter/importer.⁵⁵

C. CABLE TV LAW

The Cable TV Law, which took effect on August 13, 1993, imposes criminal penalties, including imprisonment, for the illegal operation of a Cable TV station. Under this law, the license to operate a Cable TV station can be revoked if the station in question has committed three separate copyright infringements within a one-year period.

D. CONSUMER PROTECTION LAW

The Consumer Protection Law, promulgated on January 11, 1994, which provides certain protection to consumers, may indirectly affect intellectual property rights and protections.

VI. PROPOSED LAWS

A. INTEGRATED CIRCUIT LAYOUT PROTECTION LAW

The National Bureau of Standards (NBS) is responsible for drafting the Integrated Circuit Layout Protection Law. The draft was completed in 1991 and approved by the Executive *Yuan*. It is now before the Legislative *Yuan* for enactment.

B. TRADE SECRET LAW

Presently, no particular law protects trade secrets under the ROC legal system. Under existing laws, a trade secret can be viewed only as a "legal interest," rather than a "right." As a result, the legal protection currently accorded to trade secrets is insufficient, despite the limited extent to which trade secrets can be protected under the civil code's tort laws. Article 19, Section 2 of the Fair Trade Law provides protection for trade secrets. In addition, the Department of Commerce under the MOEA has completed the process of preparing a specific trade secret protec-

54. BOFT is the government agency in charge of import/export matters.

55. Trade Law, *supra* note 20, art. 28.

tion law. The Executive *Yuan* must now approve it. Such a law should provide extensive protection for trade secrets.

C. INDUSTRY DESIGN LAW

Very few countries have adopted a separate law protecting industrial designs in addition to already existing protection of new designs embodied in patent laws. No doubt, one of the main reasons for this situation is that the line of demarcation between industrial designs and new designs is fraught with difficulty. In addition, the new Patent Law in the ROC already offers better protection for new designs. Nevertheless, a separate industrial design law is under consideration.

VII. CONCLUSION

In order to protect intellectual property rights, the Executive *Yuan* has called for the establishment of a special agency to consolidate various intellectual property protection efforts. In response, the NBS prepared the draft Statute for Organization of the IPR Bureau of the Ministry of Economic Affairs and recently submitted it to the Ministry of Economic Affairs. According to the draft statute, the IPR Bureau would be responsible for overall administration of intellectual property affairs, including trademark and patent affairs currently handled by the NBS and the copyright affairs by the Copyright Committee, crackdowns on intellectual property infringements, and an Intellectual Property Rights Information Center specially in charge of collecting information on intellectual property.

The ROC is not a signatory of any international convention and has not concluded any bilateral treaties with other countries. However, the ROC's ultimate target is to enjoy the same treatment as the rest of the international community. It is worth noting in this regard that the ROC has taken significant steps in recent years to accelerate the pace of intellectual property protection. This paper has discussed the newly enacted laws and administrative measures taken by the government to move the country toward meeting international standards. In addition, the private sector has taken a very active role in educating the public on the importance of intellectual property and the benefits that comprehensive laws and protection will bring to everyone. However, it is also important to bear in mind that new legal concepts do not take root easily in any society. Moreover, in some countries, special cultural impediments and other social influences make this process even more difficult. Still, efforts will certainly continue until these obstacles are overcome.