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Intellectual Property Border Measures for Intellectual Property Right Protection in Taiwan

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Background

To accommodate the provisions of applicable laws such as the Patent Act, Copyright Act, Customs Act, Foreign Trade Act, and the Code of Civil Procedure, Taiwan's Directorate General of Customs ("DGC"), part of the Ministry of Finance, promulgated the "Operational Directions for Customs Authorities in Implementing Measures for Protecting the Rights and Interests of Trademarks and Copyrights" in June 2003 to provide border measures for protecting intellectual property rights. Adopting specific procedures, customs may detain goods when it discovers any import/export of infringing products and assist investigations by judicial authorities.

In June 2005, the name of the directions was changed to "Operational Directions for Customs Authorities in Implementing Measures for Protecting the Rights and Interests of Patents, Trademarks and Copyrights", to reflect the additional protection given therein to patent rights. Since the 2005 changes, patent holders have also been able to access the border measures through statutory procedures. Further amendments to the operational directions were effected in September 2008 to ensure a balance between the rights and interests of importers/exporters and rights holders ("2008 Directions").

To address changes in the new Trademark Act that came into force in Taiwan on July 1, 2012 (see "Substantial Impact From Amendments to Taiwan Trademark Act" [26 WIPR 20, 10/1/12]), the DGC extracted the sections on trademark protection from the 2008 Directions and reformulated the relevant measures into the "Implementation Rules for Customs Authorities in Trademark Rights Protection" ("2012 Customs Rules for Trademarks"), which took effect from July 9, 2012. As for the presently effective 2008 Directions, the DGC also published a draft amendment to them in early September 2012, and also changed the name to "Operational Directions for Customs Authorities in Implementing Measures for Protecting the Rights and Interests of Patents and Copyrights" ("Draft Directions"). The DGC is currently collecting opinions in preparation of a final version.

Border Measures Against Trademark and Copyright Infringement

For owners of trademarks and copyrights, the border measures implemented since June 2003 are relatively effective mechanisms to prevent the exportation/importation of infringing goods. According to the 2008 Directions, customs may implement related measures in the following four situations:

- (i) A trademark or copyright holder reports that specific exported/imported goods infringe his trademark or copyright.
- (ii) A trademark or copyright holder presents general information about certain unspecified imported/exported goods suspected of infringing his trademark or copyright.
- (iii) Another agency reports that the imported/exported goods are suspected of infringement.

- (iv) While carrying out its mandate, customs independently discovers based on the appearance of the imported/exported goods that the goods are suspected of infringement.

Regardless of which these situations is involved, when customs becomes aware of goods suspected of infringement, it will notify the rights owner and also the exporter/importer to confirm and provide supporting documents, and may detain, discharge, or transfer goods to related agencies for processing after performing the relevant statutory procedures.

Required Conduct by Rights Owners

Although the border measures provide an effective enforcement mechanism to owners of trademarks and copyrights, the rights and interests of importers/exporters must also be taken into account, and certain rules of conduct must be observed by rights owners to prevent the abuse or misuse of the measures as a means of unfair competition. For example, in the 2012 Customs Rules for Trademarks, it is clearly stipulated that a trademark holder who wishes to report to customs that specific imported/exported goods infringe his trademark must file a written application along with the following documents and information:

- Facts regarding the infringement and explanations sufficient to identify the infringing goods, as well as data (with electronic files) that will assist in confirming that the goods are infringing, e.g. samples, photos, catalogues, or images of the genuine goods against the counterfeit goods.
- Specific data such as the company name of importer/exporter, name of goods, import/export port, date, flight or voyage number, container number, storage location, etc.
- Trademark registration supporting documents.

In addition, according to the 2012 Customs Rules for Trademarks, a trademark holder who wishes to seek approval from customs for a year-long protection by presenting to customs general information about certain unspecified imported/exported goods suspected of infringing his trademark, need not provide information on the actual imported/exported goods (i.e. the second-mentioned item in the list above), since these have not yet been identified.

After receiving a report or presentation, customs will evaluate whether its contents are sufficiently concrete, and may require the trademark holder to provide further explanation in person if necessary.

According to the 2012 Customs Rules for Trademarks, after accepting the report or presentation, if customs finds through inspection of the relevant imported/exported goods that the situation is consistent with the trademark holder's assertion, it will notify the trademark holder and the importer/exporter by phone and fax. In such case, the trademark holder must examine the goods in person at customs within a prescribed time (within 4 hours for goods pending export by air; 24 hours for goods imported by air and goods to be exported by sea), and provide evidence of infringement within 3 business days (which can be extended once by a further 3 days for justifiable reasons). Should the trademark holder fail to fulfil these obligations, or if the imported/exported goods are confirmed as non-infringing, the goods will be discharged according to clearance regulations, provided no other violation of the clearance regulations is involved.

These time limits can present a burdensome imposition on rights owners. Some have argued that it is unreasonable to expect rights owners to arrive at customs within 4 hours of notification. However, the

DGC considers such rules necessary to protect the rights and interests of the importers/exporters. In fact, even tighter restrictions are imposed than in the 2008 Directions, which required inspection “within one business day” rather than 24 hours for goods imported by air and goods to be exported by sea.

Required Conduct by Importers/Exporters

To balance the needs of both sides and prevent cases from being dragged out, the present border measures impose procedural obligations and time limits not only on trademark and copyright owners, but also on importers/exporters.

For example, in the 2012 Customs Rules for Trademarks, when an importer/exporter receives notice from customs that its goods are suspected of infringing intellectual property rights, the importer/exporter must provide within 3 business days supporting documents to prove that a legal license has been obtained, or other supporting documents to demonstrate that there is no infringement. The above time limit of 3 business days can be extended once by a further 3 days for justifiable reasons.

After receiving the required documents, customs will issue a notice giving the trademark owner 3 business days to apply for detention of goods in accordance with Article 72, paragraph 1 of the Trademark Act. Should the trademark owner fail to apply for the detention of goods within the time limit or it is clarified that there is no infringement, under the circumstance where no other clearance regulations are violated, customs may simply take some representative samples and discharge the goods according to the related clearance regulations.

Border Measures Against Patent Infringement

Compared with the detailed border measures for trademark and copyright infringement, customs does not provide similar mechanisms for cases of patent infringement, and the requirements for invoking border protection of patent rights are even stricter. Both the existing 2008 Directions and the Draft Directions are the same in this respect.

As mentioned above, a trademark or copyright owner can directly provide information for reporting or presenting to customs without first obtaining a judicial decision. A patent holder, however, must first file for a preliminary injunction with the court. After the injunction is granted, the patent holder can then petition the court to send execution orders to customs in assisting with enforcement. Before carrying out the actions required by the execution orders, customs will request that the patent holder provide specific information on the goods involved, e.g. the import/export time and location, name and voyage/flight number of the transportation vehicle, and even the serial number of the import/export customs declaration.

It is not uncommon in Taiwan for a patent holder, after acquiring a preliminary injunction from the court, to seek customs border protection measures to prevent the importation and sale of infringing products; however, due to the difficulties in confirming from public channels the import details of infringing goods, such as time, location, voyage/flight numbers, or declaration number of import/export, it is not easy to obtain effective or fruitful results.

A potential reason for the difference in practice in dealing with patent infringement cases include the difficulty officials face in determining — based merely on appearance — whether the technologies employed/adopted by the goods actually infringe a patent. The protected objects of trademark rights, on the other hand, are mainly logos consisting of text, graphics and marks, while those of copyright are the expression of the works. The directly tangible aspects of the objects protected by trademarks and copyrights make it easier for customs to evaluate potential infringement than the more technical and less immediately observable aspects involved in patent infringement.

Conclusion

Awareness of intellectual property right protection has been rising in recent years, along with reliance on legal action as a key weapon for enterprises within a competitive market. Both IP rights owners and importers/exporters or manufacturers or sellers of various products should pay close attention to changes in customs border measures and institute appropriate internal guidelines for dealing with potential scenarios.