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Intellectual Property - Taiwan

Border measures for IP rights protection in Taiwan

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Introduction

To accommodate provisions of applicable laws - such as the Patent Act, Copyright Act, Customs Act, Foreign Trade Act and Code of Civil Procedure - the Directorate General of Customs, Ministry of Finance, promulgated the Operational Directions for Customs Authorities in Implementing Measures for Protecting the Rights and Interests of Trademark and Copyright in June 2003. Through specific procedures, Customs may detain goods when it discovers any import or export of infringing products and assist in investigations by judicial authorities. In June 2005 the name of the directions was changed to the Operational Directions for Customs Authorities in Implementing Measures for Protecting the Rights and Interests of Patent, Trademark and Copyright, to reflect the additional protections given to patent rights. Since the 2005 changes, patent holders have been able to utilise the border measures through statutory procedures. Further amendments to the directions were effected in September 2008 to ensure a balance between the rights and interests of importers, exporters and rights holders.

To address changes in the new Trademark Act that came into force on July 1 2012, the Directorate General of Customs removed the sections on trademark protection from the 2008 directions and reformulated the relevant measures as the Implementation Rules for Customs Authorities in Trademark Rights Protection, which became effective on July 9 2012. Regarding the 2008 directions, the directorate general also published a draft amendment in early September 2012 and changed the name to Operational Directions for Customs Authorities in Implementing Measures for Protecting the Rights and Interests of Patent and Copyright. The directorate general is currently collecting opinions in preparation of a final version.

Border measures against trademark and copyright infringement

For owners of copyright and trademark rights, the border measures implemented since June 2003 are relatively effective mechanisms to prevent the export and import of infringing goods. According to the 2008 directions, Customs may implement related measures when:

- a trademark or copyright holder reports that specific exported or imported goods infringe its rights;
- a trademark or copyright holder presents general information about certain unspecified imported or exported goods suspected of infringing its trademark or copyright;
- another agency reports that the imported or exported goods are suspected of infringement; and
- customs independently discovers from the appearance of the imported or exported goods that such goods are suspected of infringement.

Regardless of which of these situations is involved, when Customs becomes aware of goods suspected of infringement it will notify the rights owner and the exporter or importer to confirm and request the

provision of supporting documents. It may detain, discharge or transfer goods to related agencies for processing after performing relevant statutory procedures.

Required conduct by rights owners

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

- evidence of infringement and explanations identifying infringing goods, as well as data (with electronic files) helpful for confirming infringement – for example, samples, photos, catalogues or images of genuine and counterfeit goods;
- specific data, such as the company name of the importer or exporter, the name of the goods, the import or export port, date, flight or voyage number, container number and storage location; and
- trademark registration supporting documents.

According to the rules, information on actual imported and exported goods is not required if a trademark holder wishes to seek approval from Customs for one-year protective measures by presenting Customs with general information about certain unspecified imported and exported goods suspected of infringing its trademark rights, since the object is not yet identified.

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

According to the rules, after accepting the report or presentation, if Customs finds - through inspection of relevant imported or exported goods - that the situation is consistent with the trademark holder's assertion, it will notify the trademark holder and the importer or exporter by telephone and fax. In such a case, the trademark holder must examine the goods in person at Customs within a prescribed time (within four hours for goods pending export by air and 24 hours for goods imported by air and goods to be exported by sea), and provide evidence of infringement within three business days (this can be extended once by three days for justified reasons). If the trademark holder fails to fulfil these obligations, or if the imported or exported goods are confirmed to be non-infringing, the goods will be discharged according to clearance regulations, provided that no other violation of clearance regulations is involved.

These time limits are burdensome for rights owners. Some have argued that it is unreasonable to expect rights owners to arrive at Customs within four hours of notification. However, the directorate general considers such rules necessary to safeguard the rights and interests of importers and exporters. Even tighter restrictions are imposed in the 2008 directions, which require 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 and exporters

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

For example, in the 2012 rules when an importer or exporter receives notice from Customs that its goods are suspected of infringing IP rights, the importer or exporter must provide supporting documents within three business days to prove that a legal licence has been obtained, or other supporting documents to demonstrate that there is no infringement. The three-day time limit can be extended once by a further three days for justified reasons.

After receiving these documents, Customs will issue a notice giving the trademark owner three business days to apply for detention of goods in accordance with Article 72(1) of the Trademark Act. If the trademark owner fails to apply for detention of goods within the time limit, or if it is confirmed that there is no infringement, Customs may take some representative samples and discharge the goods according to related clearance regulations, where no other clearance regulations are violated.

Border measures against patent infringement

Requirements for border protection of patent rights are even stricter than the detailed border measures for trademark and copyright infringement. Both the current 2008 directions and the draft directions are the same in this respect. A trademark or copyright owner can directly provide information to report or present to Customs without first getting a judicial decision. However, a patent holder must first seek a preliminary injunction from the court. After the injunction has been granted, the patent holder can petition the court to send execution orders to Customs for assistance in enforcement. Before carrying out the execution orders, Customs will request the patent holder to provide specific information of the goods involved - such as the import or export time and location, name and number of the voyage or flight of the transportation vehicle for import or export and the serial number of import or export customs declaration.

It is not uncommon for a patent holder, after acquiring an order of preliminary injunction from the court, to seek the customs border-protection measures to prevent the import and sale of infringing products. However, due to the difficulties in confirming the import details of infringing goods from public channels, it is difficult to get effective results.

Potential reasons for the differences in Customs' practice in patent infringement cases include the difficulty that officials face in determining, by appearance alone, whether the technologies employed 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 copyrights are the expression of the works. The tangible aspects of objects protected by copyright and trademark rights make them easier for Customs to evaluate for potential infringement than the more technical and less immediately observable aspects of patent infringement.

Comment

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

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