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Intellectual Property Taiwan Revises Intellectual Property Case Adjudication Act

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Amendments to Taiwan's Intellectual Property Case Adjudication Act were passed after Third Reading during a meeting of the Legislative Assembly held on May 20, 2014, with revisions to Articles 4, 19, 23 and 31 of the Act and the addition of a new Article 10-1. The revised Act was promulgated by Presidential Order on June 4, 2014. The main amendments are highlighted as follows.

Powers of Technical Examination Officer Expanded

Civil provisional remedies procedures such as provisional attachments, provisional injunctions, preliminary injunctions, or compulsory enforcement were previously handled by the judge or judicial associate officer. For civil provisional procedural cases involving intellectual property rights (in particular patent cases) which involve a high degree of technicality, the revised Article 4 has expanded the executive powers of the technical examination officer (TEO) to allow the TEO to provide professional technical opinions during such procedures or compulsory enforcement procedures.

The idea is to expand the TEO's professional functions as well as to effectively resolve intellectual property right disputes, thereby strengthening the protection for right holders.

Duty on Alleged Infringer of Trade Secrets to Provide "Specific Defence"

As a result of the provisions in Articles 342 and 343 of the Code of Civil Procedure ("CCP") with respect to ordering the opposing party to provide documents, along with the provision in CCP Article 345 with respect to noncompliance of such order, the court has the discretion to deem that the claim of the party on such documents or the facts to be proven by such documents are true. However, the above are general provisions in the CCP on submission of documents.

In disputes between litigants involving infringement of trade secrets which may have a serious impact on competition in the technological industry, and may make the opposing party hesitate to provide documents as ordered, the exercise of the court's discretion by accepting as facts of the claims or matters to be proven by a party as a result of failure of the opposing party to provide documents relating to such trade secrets without the court hearing that party's explanation may appear unfair on the burden of proof of both parties.

In the present amendment, the addition of Article 10-1 is in line with foreign legislation. It requires that when a party claims infringement (or potential infringement) on its trade secrets and has fully explained such infringement while the opposing party denies such claim, the court should give a deadline to the opposing party to provide a "specific defence" with respect to its denial.

"Specific defence" in this case means that the opposing party will not be allowed to make a passive denial of infringement of the trade secrets, but must furnish specific reasons for its denial, e.g. stating the source or scope of use of the trade secrets, explaining whether the disputed information or know-how are its own

trade secrets, etc. The new provision imposes this duty of specific defence upon the alleged infringer of trade secrets in civil cases. This is in order to assist the court in arriving at the correct decision, while also protecting the parties' rights during litigation proceedings.

It should be noted that during the Third Reading at the Legislative Assembly, the review panel had indicated that, given that cases involving infringement of trade secrets often have a major impact on the technological industry or competitive order, when making statutory provision for the legal effect of a party's inability to provide specific defence, consideration should also be given to correspondingly increase the rights holder's duty of explanation as a means of balancing their respective rights. Therefore when claiming infringement of its rights with respect to trade secrets, the rights holder is not only required to explain such infringement but should also give clear explanation of the facts of such infringement of its trade secrets.

IP Court's Exclusive Jurisdiction as Court of Second Instance in IP Cases

At present, the Intellectual Property Court does not have exclusive jurisdiction as the court of first instance for intellectual property cases in civil proceedings. The parties may agree or determine that an ordinary civil court is to be the court of first instance for intellectual property cases. However, after the court of first instance has given its ruling, regardless of which court makes such a ruling – whether an ordinary civil court or the Intellectual Property Court – all appeals must be lodged with the second instance tribunal of the IP Court. This is in order to improve the quality and effect of the judgment as the purpose for establishing the Intellectual Property Court. Thus, the latest revision involves the addition of Article 19 which expressly provides that a party who wishes to appeal against the judgment at first instance of cases involving intellectual property disputes should do so with the Intellectual Property Court. In this way, the Intellectual Property Court's authority with regard to its judgment can be enhanced.