

Taiwan Agreement On Intellectual Property Protection (Trademark)

July 12, 1993

Dear Mr. Cassidy,

You will recall that on April 22, our Government received a 4-page "non-paper" from the U.S.T.R. requiring that our Government take measures and actions for the protection of the rights of trademark owners. On April 27, we delivered to your office a 9-page response, in which our Government committed to take various actions and measures at the earliest possible date.

Enclosed herewith is a Statement of our Government, in which you will find that all of the actions and measures which our Government has committed to take has been taken.

I am happy to answer any question you may have on this statement

Faithfully yours,

[signature]

Y.C. Huang

Director-General

ROC's Responses To The Immediate

Action Plan Required By The United States

I. REGULATORY STEPS demanded in Paragraphs 1A and 1B of the

Immediate Action Plan (IAP)

(1) Article 37(7) of the Trademark Law Amendment Bill

(a) ROC's previous statements and commitments

We stated at the March and April, 1993 meetings and in our April 27 letter that in its current draft, Article 37(7) was not intended to drop the protection for well-known marks that exists under the current law, but, on the contrary, it was intended to provide a broader scope of protection for cases which included well-known marks not registered or in use in Taiwan. We promised that we would have such an intention stated in the Explanatory Notes to that draft Article when it is before our Legislature for review. We further promised to provide AIT office in Taipei a copy of the draft Explanatory Notes before April 29, 1993.

(b) Follow-up Actions

The draft Explanatory Notes accompanying Article 37(7) were submitted to our Legislature on May 27, in time for the First Hearing of the Trademark Law Amendment Bill. The Explanatory Notes made it clear that Article 37(7) continues to provide protection for well-known marks.

The National Bureau of Standards (the "Bureau") has provided AIT with unofficial English translation of the Explanatory Notes and Guidelines Governing Well-Known Marks. The bureau will have said Guidelines included in the Trade Examination Manual, which Guidelines will be published and available to the public on or before September 1, 1993.

(2) Article 26 of the Trademark Law Amendment Bill

(a) ROC's previous statements and commitments

We confirmed to your representatives at the April 1993 meeting and in our April 27 letter that Article 26 simply provided for the recording of trademark licensing arrangements, and that such recording did not require approval by the Bureau of the licensing arrangements. We pointed out that this was crystal clear from a reading of the Chinese text of Article 26; no commentary or explanatory notes were needed. Be that as it may, we did state that if you were to remain concerned, the Bureau would be prepared to give a statement in writing to this effect to AIT, upon request. We also pointed out that upon passage by the Legislature of the Trademark Law Amendment Bill, the Rules Governing Licensing of Trademarks By Foreign Enterprises would be abolished.

(b) Follow-up Actions

(i) We have not yet received any request for a statement by the Bureau on the plain meaning of Article 26.

(ii) The Bureau has provided AIT office in Taipei with unofficial English translation of Article 26 and Rule 17 of the draft Implementing Rules.

(iii) The Bureau has completed revision of the Trademark Law Implementing Rules. Upon their review and approval by the MOEA and the Executive Yuan, the revised Trademark Law Implementing Rules will be promulgated by the MOEA after the passage of the Trademark Law Amendment Bill by the Legislature. In the process of the revision, the Bureau has held public hearings to solicit public comments. Invitations to attend such public hearings were sent to the American Chamber of Commerce and AIT.

(3) Changes in a registered mark; associate mark

(a) ROC's previous statement and commitments

Our Trademark Law does not permit any change to be made to a registered mark, but a trademark owner may register an associate mark under Article 22 of the Trademark Law, if it would suit his purpose. This was explained to your representative in detail at the April, 1993 meeting, and was re-stated in our April 27 letter. We also stated that the Bureau was prepared to give a statement in writing to this effect to AIT, upon request.

We did point out in this connection that we did not understand your written demand, without explanation, that the associated mark "be elevated to the primary mark", which point was never raised or discussed before. Hence, in our April 27 letter, we asked that you review Article 22 and advise us of your views.

(b) Follow-up Actions

(i) We have not received any request for a written statement by the Bureau on the operation of Article 22. In addition, we have not received explanation of the demand that an associated "be elevated to the primary mark".

(ii) The Bureau has provided AIT with unofficial English translation of Article 22.

(iii) In accordance with discussions held on June 3 at AIT's Washington D.C. office by Mr. T.C. Chen, Deputy Director-General of the Bureau, with representatives of U.S.T.R., the Bureau has provided AIT with an analysis of a registered trademark and its associated mark registered under Article 22.

(4) On your demands stated in Paragraph 1B, the Bureau has provided AIT with unofficial English translation of Articles 22, 26 and 37(7), Rules 15 and 17, and guidelines on well-known marks. We welcome your comments.

II. ADMINISTRATIVE STEPS demanded in Paragraphs 2 and 3 of the IAP

(1) Paragraphs 2A and 2B

(a) ROC's previous statements, actions and commitments

In our April 27 letter, we repeated our statements made at the March and April, 1993 meeting that we had published a Trademark Examination Manual in 1989, in which (A) criteria and procedure for the registration of trademarks, (B) criteria and procedural requirements for bringing opposition to and cancellation of trademark registration, and (C) criteria for determining descriptiveness of a trademark, had been established. This Manual

had been revised twice since its publication. We stated our belief that the trademark registration system under our law had been made transparent enough in this Manual. A copy of this Manual was given to AIT office in the latter part of April 1993.

We also stated that we were then in the process of reviewing and revising this Manual, and welcomed your comments on it.

We further stated that Mr. T.C. Chen, Deputy Director General of the Bureau and other officials would visit your Patent Office in May 1993 to hear your comments. We stated that we would appreciate any information and materials you might have that would be of reference to the Bureau.

We also confirmed our agreement with the U.S. that in the September, 1993 trade talks between our two governments, we would present to you a time-table for the promulgation of new guidelines considered by the Bureau to be necessary, based on the Bureau's study of various issues and Mr. Chen's discussions with your experts, as well as the information and materials you would provide to the Bureau.

(b) Follow-up Actions

(i) We have not yet received any comments from the U. S. on the current edition of the Trademark Examination Manual. The Bureau is in the process of reviewing the current edition of the Manual, with a view to having a new edition published by February, 1994.

(ii) Mr. T.C. Chen and his colleagues visited the U.S. Patent Office on and also held discussions at AIT Washington D.C. Office with representatives of the U.S. to explain, paragraph by paragraph, the contents of our April 27 letter.

At that meeting, Mr. Chen learned to his surprise that the U.S.T.R. was unaware of the Bureau's concern, to allow "disclaimers" to be made by trademark applicants in their applications for trademark registrations, and the Bureau's translation and publication in Chinese of the Nice Convention, both of which took place nearly a year ago.

(iii) We adhere to our commitment that at the September trade talks, the Bureau will have for discussion with the U.S.T.R. a time-table on new guidelines which the Bureau considers necessary for issuance.

(c) Follow-up commitments on specific issues

(i) "Likelihood of Confusion" and "Descriptiveness"

The Bureau will complete, on or before July 31, 1993, revisions to current Guidelines for determining "likelihood of confusion" between marks, based upon the "overall commercial impression" of the elements of a mark viewed in its entirety, and for determining "descriptiveness" of a trademark, and will have such revised Guidelines included in the Trademark Examination Manual. These revised Guidelines will be published and made available to the public on or before July 31, 1993. The Bureau will provide AIT with unofficial English translation of these revised Guidelines at the July 12 IPR consultations.

(ii) "Opposition and cancellation proceedings"

The Bureau has been reviewing the current procedure for bringing proceedings for opposition to or invalidation or cancellation of registration of a trademark, taking into account U.S. comments on the current procedure. In addition, the Bureau will, at the July 12 IPR consultations provide the U.S. with written explanation of various improvements which NBS has made in the opposition, invalidation or cancellation procedures in the last two years.

(a) ROC's April 27 statements and commitments

As stated in the April 27 letter, since a year ago, the Bureau had established a task force to study the conversion of our commodities classification system to the international classification system. A table had just been completed at such time, in which a comparison between the two classification systems was made (the "Comparison Table"). Public Notice of the Comparison Table would be given on June 1, 1993. After such public

notice is given, the application form for trademark application would be revised to enable an applicant to designate in his application the appropriate commodities classification under the international classification system, in addition to adhering to our current commodities classification system. This requirement was intended to facilitate the transition from our current commodities classification system to the international classification system.

We also pointed out that under our Trademark Law, commodities classification system was provided for in the Trademark Law Implementing Rules. We were then in the course of preparing draft revisions to the Implementing Rules for giving effect to the conversion. Our drafting of these revisions was expected to be completed by the end of June 30, 1993 to wait for the passage by our Legislature of the Trademark Law Amendment Bill.

Pending the passage of the Trademark Law Amendment Bill and the revised Implementing Rules to be promulgated, we stated that the current classification system must be adhered to in all applications for trademark registration. However, the Comparison Table would be made available to applicants for their references, and all examiners would be required to familiarize themselves with the Comparison Table and, in particular, the international classification system.

(b) Follow-up Actions

(i) Public Notice of the Comparison Table and the requirement that new applications for trademark registrations make reference to both the current classification system and the international classification systems was issued on May 16, 1993. This public notice took effect on June 1, 1993. It is intended to facilitate the transition from our current classification system to the international classification system, upon the passage by our Legislature of the Trademark Law Amendment Bill and the promulgation by the MOEA of its implementing rules.

(ii) We have just completed drafting of revisions to the Implementing Rules in order to give effect to the conversion of our commodities classification system to the international classification system. The revised Implementing Rules will be promulgated upon their approval by the MOEA and the Executive Yuan, after the passage by our Legislature of the Trademark Law Amendment Bill.

(iii) The Bureau will at the July 12 IPR consultation provide the U.S. with statements to show the efforts made and measures adopted by our Government to implement the international classification system.

(iv) The Comparison Table is now made available to trademark registration applicants for their references. All examiners are now required to familiarize themselves with the Comparison Table and the International Classification System.

(3) Paragraphs 2D and 2E

(a) U. S. Demands

Your requirements are: First, that the Bureau "provide by May 30, 1993, copies in English of all existing NBS internal registration and examination trademark guidelines";

Secondly, that "prior to issuance, Taiwan will also consult with the United States regarding the content of the regulations and/or guidelines"; and

Thirdly, that NBS will issue further guidelines on other issues on a regular basis and will consult with the United States on such guidelines."

(b) ROC's response

We will not repeat all of the statements and commitments made in our April 27 letter. Suffice it to say in a nutshell that:

(i) All of the Bureau's registration and examination guidelines have been compiled in the Trademark Examination Manual which, as stated, is available to the public and was furnished to AIT in the latter part of April, 1993. Again as stated earlier, this Manual is now undergoing review for a new edition to be published by February, 1994. We welcome your views on the current edition of the Manual.

(ii) Where new regulations and examination trademark guidelines are to be proposed, public hearings will be held, and AIT representatives are welcome to present their views at such hearings.

(iii) Whether there are "other issues" that require "further guidelines" to be promulgated "on a regular basis" cannot be considered in the abstract, but must be determined based on actual needs.

(4) Paragraph 2F

(a) ROC's April 27 statements and commitments

As stated earlier, our Trademark Examination Manual was prepared to serve as a practice manual for use by all trademark examiners. Guidelines issued by the Bureau to address the examination and its administrative review are incorporated in this Manual. All officials involved in the registration process will receive training primarily based on materials in this Manual. In addition, a junior examiner is often led by a senior examiner in carrying out his duties.

A new edition of our Trademark Examination Manual, incorporating all subsequent revisions and new guidelines, if any, will be published by February, 1994.

(b) Follow-up Actions

We adhere to the time-table for the publication of the new edition of the Trademark Examination Manual by February, 1994.

III. ENFORCEMENT STEPS demanded by the U.S. in the IAP

(1) Paragraph 3A(1)

(a) ROC's April 27 commitments

We stated that, based on our understanding of your concerns as stated in paragraph 3A(I), we are prepared to agree to the establishment of the following system:

(i) our Customs will establish and maintain a list of exporters known or reasonably suspected to have violated ROC laws. This list will be regularly updated and distributed to all ROC ports of export.

(ii) Exporters on this list will be subject to inspection at the rate of 30-50 percent of shipments upon export.

(iii) This list will be established based on information identifying the product and trademark, the trademark owner, and supporting documents to show the exporter in question is known or reasonably suspected to have committed infringement of trademarks protected under ROC laws, as well as such other information as may be available to the U.S. Customs related to such exporters. Such information may be given by the U.S. Customs, trademark owners and/or their authorized representatives. Where such information is given by trademark owners, the trademark registration certificates shall be given. Where such information is given by trademark owners' representatives, the trademark registration certificate and appropriate instrument of authority shall be given.

(iv) We promised that the system as outlined above would be established and put into effect by May 31, 1993. Ms. Fan Shing Huey of the Second Department of the Board of Foreign Trade is the official to receive such information, who shall be responsible for forwarding such information to the Customs.

(b) Subsequent Actions

(i) We adhere to our April 27 commitments. The system stated above has been in force since May 31, 1993.

(ii) The U.S. Customs has given the BOFT a list of 26 ROC companies suspected of IPR infringements. We were orally advised that "IPR infringement" in these cases meant trademark infringements. No additional information was given to us. The information given in that list only showed the English names of those 26 firms, without their official Chinese corporate names or addresses or other particulars. And the English corporate names given were not their full names. Based on such English names given in that list, only 19 of them have the same English

names as those registered with the BOFT for import-export licenses. Nevertheless, we have given all these 26 firms' English corporate names to our Customs so that export shipments of these companies will be subjected to inspection at the rate of 30-50%. As you can see, it is highly unfair and improper to subject a company's shipments to such onerous inspection procedure simply because its English corporate name is the same in certain important aspects as the one stated in the list supplied by the U.S. Customs. We would appreciate the U.S. Custom to most promptly provide us with more information that will assist us in properly identifying the infringers, lest innocent businessmen be subjected to unduly onerous inspection procedure. By a letter dated May 6, 1993, we wrote the U.S. Customs, urging that more information on those 26 firms be promptly provided us. We have not yet received any reply.

(2) Paragraph 3A(2)

(a) Our April 27 Commitments

In our April 27 letter, we agreed to the establishment of the following system:

- (i) The Customs will accept, and will take appropriate actions under ROC law on, written information given by trademark owners or their authorized representative concerning export products known or reasonably suspected of violating ROC laws.
- (ii) Such information must clearly identify the trademark owner, the product and the trademark used on it, the exporter, the suspected date of shipment (together with flight or vessel information), and the suspected port or ports of exportation. Where such information is given by the trademark owner, the trademark registration certificate shall be given. Where such information is given by trademark owners' representatives, the trademark registration certificate and appropriate instrument of authority shall be given.
- (iii) Ms. Chin An-I of the Preventive Department of the Directorate-General of Customs is the official to receive such information.
- (iv) We promised that this system would be established before May, 1993.

(b) Follow-up Actions

- (i) We have, as promised, implemented our commitments outline above, and the system described in the foregoing has been in force since April 30, 1993 of this date, no trademark owner has either himself or through his duly authorized representative provided the ROC Customs with any information concerning export products from the ROC which have, or are reasonably suspected to have, violated ROC laws.

(3) Paragraph 3A (3)

(a) ROC's April 27 commitment

We agreed in our April 27 letter to establish the following system:

- (i) With respect to trademarks protected under ROC laws that are used in computer software, sporting goods, auto-parts and cosmetics (the "Specific Products"), the BOFT will establish and maintain a list of trademark owners based on written information given by trademark owners or their authorized representatives. Such information shall include in each case a copy of the registration certificate, the name and address of the trademark owner's authorized representative who will verify if a ROC exporter or manufacturer is authorized to use the trademark in question on the products to be exported, as well as documents to establish such representative's authority, and a list of authorized manufacturers, distributors and exporters in the ROC.

- (ii) We promised that this system would be established not later than July 1, 1993.

(b) Follow-up Action

- (i) Adhering to our April 27 commitments, the system outlined above has taken effect on July 1, 1993.
- (ii) Commencing July 1, 1993, the BOFT accepts information from trademark owners or their authorized representatives.

(iii) To give effect to the foregoing system, the BOFT has prepared application forms for registration with it by copyright owners, (or their authorized representatives) of their trademarks protected under ROC laws. Such forms are ready for use since July 1, 1993.

(4) Paragraph 3A (4)

(a) ROC April 27 commitment

We stated in our April 27 letter that we were prepared to take the following actions on "Specific Products" for trademark owners' protection.

(i) Before any sporting goods, auto-parts or cosmetics may be exported from the ROC, and before anyone may apply for an export permit for computer software, any such Specific Product must first receive an approval letter from the BOFT for the use of a trademark protected under ROC laws. Before the issuance of such a letter, the BOFT will review the information given to it under the system described in 3A(3), above. If the applicant is not listed as an authorized party by the trademark owner or its authorized representative, he will be denied the approval letter.

(ii) Ms. Fan Shing Huey of The Second Department of the BOFT is the official to be contacted by trademark owners and their authorized representatives.

(iii) We promised that this system would be established by July 1, 1993.

(b) Follow-up-Actions

Adhering to our commitments, the system outlined above has taken effect on July 1, 1993.

(5) Paragraph 3A(5) and 3B

Since our April 27 letter, we have given much thoughts to your demands stated in these two paragraphs. After most careful consideration and examination of the issues and technical difficulties involved, we have come to the same conclusion as we did in stating our position on these issues in our April 27 letter.

As agreed at the April meeting, public notice was issued on April 22, 1993 to include computer software, in addition to sporting goods, auto-parts and cosmetics, in the Specific Products List.

Further expansion of the Specific Products List so as to include, "additional counterfeit products" was only discussed at the April meeting as one of the problems to be dealt with under what Mr. Tim Trainer suggested as the Long Term Measures, which is in paragraph 3B of your 4-page statement.

The Long Term measures were first suggested at the March meeting, though not in those words, and your representatives, too, realized and acknowledged at the same time the great difficulties inherently associated with the establishment of such a system, due to the great variety and volume of products which would be subjected to such a monitoring system.

Then at the April meeting, your side indicated that notwithstanding such inherent difficulties, your side would want to discuss and review with us in June, 1993 such a system as "long term measures" to be adopted by US. We agreed to this time table for the holding of discussions on this difficult issue, while at the same time pointing out emphatically the most serious reservations we have for such a system.

We strongly believe that given the export monitoring system which we have already established, coupled with the various actions and measures we have taken as described in this letter, there is already an export monitoring system comprehensive enough to effectively address your concerns in the trademark area. We sincerely urge that the U.S. Customs work closely with us and deny entry to the U.S. products found to carry counterfeit or unauthorized use of trademarks, and will provide us with relevant information in such cases. We submit that there is no need to resort to the establishment of yet another comprehensive system that is not only an overkill, but will definitely become in itself a trade barrier to the normal flow of legitimate trade between our two countries.

In the trade area, one cannot expect that results be shown over-night by government actions. What is important here is the determination and efforts shown and undertaken by this Government, and we believe that we have taken very bold actions, some of which have never been tried before by any government on any segment of its export trade. It is now time for the U.S. to review the various commitments and actions undertaken by this Government as stated in this document, understand how they work, and examine the results they have produced and will continue to produce before rushing into piles of additional demands.

TANC offers these agreements electronically as a public service for general reference. Every effort has been made to ensure that the text presented is complete and accurate. However, copies needed for legal purposes should be obtained from official archives maintained by the appropriate agency.