

May 25, 1990

AGREED MINUTES: TRADEMARKS AND ENFORCEMENT

Delegations from the Coordination Council for North American Affairs (CCNAA) and the American Institute in Taiwan (AIT) met in Washington, D.C. on May 25, 1990, to discuss trademark protection and enforcement issues. During the discussions, the two sides discussed the following points:

1. AIT raised its concern regarding lack of consistency in NBS's application of the standards for determining descriptiveness, non-distinctiveness and confusing similarity. AIT supplied CCNAA with copies of suggested examination standards submitted by U.S. industry and copies of the U.S. Patent and Trademark Office's trademark examination procedures. CCNAA explained its examination standards which had been provided to AIT during the March meeting and agreed to study AIT's suggested principles for examiners.

2. AIT recommended that CCNAA consider adopting the principle of acquired distinctiveness. CCNAA responded that it is planning to propose amending Article 4 of the Trademark Law to replace the term "markedly distinctive" with the phrase "enables ordinary consumers to distinguish the goods of one enterprise from those of another."

3. AIT urged CCNAA to adopt the International Classification. CCNAA indicated that it was considering doing so, but expressed concern about its ability to do so prior to the automation of its trademark registration operation. AIT offered suggestions based on the U.S. Patent and Trademark Office's experience in adopting the International Classification.

4. AIT suggested that CCNAA consider permitting amendments to individual trademark registrations, upon request by the registrant, to limit the scope of goods or services protected by the mark.

5. CCNAA confirmed that a committee will be established in August 1990 for the purpose of protecting well-known marks.

6. AIT noted its concern that, in the absence of a judicial discovery process in the territory represented by CCNAA, courts have difficulty in obtaining adequate evidence to convict infringers. CCNAA responded that courts could investigate and obtain evidence in accordance with their official function and competence.

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7. CCNAA stated that NBS intends to submit a proposal for an amended trademark law to the Ministry of Economic Affairs by the end of August 1990. CCNAA stated that the draft amended law will provide for certification marks in addition to trademarks and service marks. AIT suggested that CCNAA replace the term "uses" in Article 62-1 with the phrase "manufactures or distributes." CCNAA indicated that it would study this proposal.

8. AIT stated its concern that the calculation of damages should reflect the value of lost sales of legitimate goods, rather than infringing goods. CCNAA agreed that basing damage calculations on the value of infringing goods results in inadequate compensation to the trademark owner. However, CCNAA noted that it would be difficult to base damages on the value of lost sales of legitimate goods in cases in which these goods are not available in the territory represented by CCNAA.

9. CCNAA confirmed that Article 46 of the Trademark Law provides that any interested party, not only those with trademarks registered in the territory represented by CCNAA, can oppose a trademark registration in that territory. AIT suggested that CCNAA allow for the consolidation of oppositions to trademark registrations.

10. AIT noted that BOFT's February and March enforcement statistics show an increase in the number of cases received by the prosecutors' offices. AIT noted that, in January, CCNAA told AIT to expect that the increase in enforcement efforts would produce a decline in the number of cases. CCNAA stated that the statistics indicated that enforcement efforts are increasing, partially as a result of the police incentive program.

11. AIT questioned the light sentences being imposed on infringers. CCNAA responded that, while sentencing is under the purview of the judiciary, prosecutors could seek more reasonable penalties after charges are made and prosecutors could appeal cases in which sentences are too light.

12. AIT raised a number of issues arising from specific enforcement cases.

- o AIT noted that late arrival of hearing and decision notices often allow complainants insufficient time to attend hearings or file appeals. CCNAA agreed to request that prosecutors mail hearing notices as expeditiously as possible. CCNAA will suggest that the Judicial branch expedite the mailing of decision notices.

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- o AIT expressed concern that the authorities represented by CCNAA can take no action to prevent the importation of infringing products. CCNAA responded that complainants may seek attachment of infringing imports through District Courts by providing a bond.
- o AIT also expressed concern that Customs officials are unwilling to seize infringing exports because they fear lawsuits under the National Torts Compensation Law. AIT suggested the institution of a procedure for the complainants to post an indemnification bond of a reasonable amount with Customs in case the seizures turn out to be an abuse of the procedure. CCNAA outlined the procedures used by the Anti-Counterfeiting Committee, BOFT, and Customs to check exports in advance for trademark authorization. CCNAA suggested that Customs personnel be included in the CCNAA delegation during the next meeting to discuss the issue of posting an indemnification bond.
- o CCNAA stated that it had prepared a letter of response to the patent problems raised by Texas Instruments, and would transmit a copy to AIT. AIT indicated that if it had further questions after receiving the letter, it would transmit them to CCNAA.
- o CCNAA stated that under Article 35 of the Patent Law, the Patent Office may require the applicant to have an interview with the patent examiner. This interview practice has been strengthened since 1989, and the applicant may apply for an interview with the appropriate examiner in the examination process to explain his/her application or to seek clarification of the steps the examiner has taken.
- o AIT noted that the rules on power of attorney and notarization of documents in the territory represented by CCNAA differ from international practice and interfere with effective enforcement. CCNAA noted that these matters are under the jurisdiction of the Judicial Yuan.

13. AIT urged CCNAA to ensure that enforcement procedures in the territory represented by CCNAA enable U.S. companies to obtain prompt and effective redress against patent and trademark infringements. CCNAA urged U.S. companies to present concrete evidence of infringement in such cases.

14. AIT and CCNAA agreed to meet again in the fall to continue their dialogue on trademark and enforcement issues.

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