

REVIEW OF LEGISLATION

Responses from Chinese Taipei to follow-up questions posed by the European Community and its member States and by Japan

Addendum

By means of a communication from the Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, dated 21 November 2002, the Secretariat has received copies of the following responses to the follow-up questions posed by the European Community and its member States and Japan, as circulated in document IP/C/W/367/Add.1 and IP/C/W/362/Add.3

EUROPEAN COMMUNITY AND ITS MEMBER STATES

A. TRADEMARKS AND GEOGRAPHICAL INDICATIONS

1. Under Chinese Taipei Trademark Law geographical indications (GIs) are protected as "certification marks" under Article 73 of the Trademark Law. Article 16 TRIPS forbids the use of identical or similar marks for identical or similar goods or services only when this results in a likelihood of confusion. We figure out that certification marks are subject to the same protection that is granted to ordinary trademarks. Hence under Chinese Taipei Trademark Law, the protection of a certification mark, which contains or is composed of a GI, is subject to the test of likelihood of confusion. Please explain how this is compatible with Article 23.1 TRIPS which does not make the protection of a GI dependant of the likelihood of confusion test. Indeed, Article 23.1 TRIPS forbids the use of translations or the use of "kind", "type", "style", "imitation" as such, without any test of confusion.

General protection of geographical indications on all products as required under Article 22 of the TRIPS Agreement is implemented under Article 73 of the Trademark Law via the protection of "certification marks."

The enlarged protection of geographical indications on wines and spirits as required Article 23 of the TRIPS Agreement is implemented under relevant provisions of the "Tobacco and Alcohol Administrative Law" and "Regulation Governing the Labeling of the Alcohol Products," as notified respectively in documents IP/N/1/TPKM/E/1 and IP/N/1/TPKM/G/1. The language of Article 23.1 of the TRIPS Agreement is incorporated into Article 13 of the said Regulation.

2. Subparagraph 6, Article 37 and Article 52 of the Trademark Law is in line with Article 22.3 TRIPS in that a trademark application shall be refused or invalidated when it

contains or consists of a GI that is likely to mislead the public. Article 23.2 TRIPS provides in an enlarged protection for wines and spirits. Trademark applications for wines or spirits containing or consisting of GIs not having such origin, shall be refused regardless of whether they are misleading or not. Please indicate where the TRIPS provision of Article 23.2 has been implemented in your law.

See above. In addition, trademark application bearing GIs of wines and spirits will be rejected.

3. In reply to EC question 12, Chinese Taipei mentions that Subparagraph 7, Article 37 of the Trademark Law is in conformity with Article 16.3 TRIPS. Subparagraph 7, Article 37 states "No application may be filed for registration of a trademark design which is identical or similar to another's famous mark, thus causing the public to confuse or misidentify it". Article 6bis Paris Convention and Article 16.3 TRIPS refer to *liable* to create confusion and *likely* to be damaged. Please confirm that for the protection granted to well-known mark it is sufficient that confusion is *likely* to occur.

Pursuant to Paragraph 7, Article 37 of the Trademark Law, trademark applications that are likely to cause confusion in relation to other registered identical or similar well-known trademarks or certification marks shall be rejected or invalidated. The said provision does not require the condition of likely to be damaged. To this effect, the Trademark Law provides a higher level of protection on well-known trademarks than what is regulated under Article 6bis of the Paris Convention.

B. COPYRIGHT

4. Please indicate what the criminal prosecution standards are in cases of copyright infringements. What are the thresholds to be reached for initiating criminal investigations? Is there need for "intent of commercial gain" in order to impose criminal actions (which would i.e. allow infringement by government entities)? Please specify whether your Copyright law might be modified in order to include "intend of commercial gain" as a prosecution condition.

Charter 7 of the Copyright Law (Articles 94 to 101) stipulated the thresholds of criminal offences. Currently, "Intention of commercial gain" is not relevant for pursuing criminal actions against copyright piracy. Under the Criminal Procedure Law, public prosecutors are vested with the authority to initiate criminal investigation including but not limited to copyright infringement.

Amendment is under consideration, in which all "intent-to-profit" piracy is subject to criminal punishment, and copyright infringement without such intention would be subject to criminal punishment only when it reaches commercial scale as stipulated under Article 61 of the TRIPS Agreement.

C. PROTECTION OF UNDISCLOSED INFORMATION

5. From the Attachment B of Chinese Taipei's replies, we understand that the actual legislation provides that in principle information held or kept by administrative bodies *should be disclosed* unless restrictions apply (one of such restrictions being "trade secrets"). Please indicate whether the Pharmaceutical Affairs Law will be amended so as to specifically exclude certain sensitive materials from disclosure as it is required by Article 39.3 TRIPS? If so, please specify what governmental body will have the discretion to determine which data should be disclosed and which not. Also, please specify which criteria would determine what data can be disclosed or not.

The pharmaceutical regulation is not, as EC described, “in principle information held or kept by administrative bodies should be disclosed unless restrictions apply”. Instead, information submitted to Department of Health, in principle, should not be disclosed. If we adopt a law, in the future, requiring the disclosure of information submitted, the Pharmaceutical Affairs Laws would be amended in parallel to protect the submitted information against such disclosure.

6. In reply to EC question 30 under II it is mentioned that the period of data exclusivity (non-reliance by the marketing authority on the data filed by the first applicant to approve subsequent applications by generic manufacturers) is of seven years. However, Attachment B stipulates that five years after the new drug license is granted, a generic drug applicant needs only to submit bioequivalence data for the marketing authorisation review rather than results from local clinical trial tests of the same standard that were submitted by the original application. Hence, please do confirm that the "data exclusivity period" is limited to five years only.

The definition of “pharmaceutical data exclusivity period” may be different amongst in different Members. It is confirmed that a full “pharmaceutical data exclusivity period” is provided for 5 years; while a much more relaxed protection is provided with additional 2 years. Furthermore, it is provided 10 years for orphan drug. (See Attachment A)

D. ENFORCEMENT

7. The Tobacco and Alcohol Administration Law (TAAL) and the Regulations governing the Labeling of the Alcoholic Products came in effect on 1 January 2002 (with a transitional period of 18 months for their application). Article 13 of the Regulations stipulate that "where alcohol product is labelled with geographical indication, a certificate of the geographical indication issued by the government of the country of origin or a chamber of commerce authorized by such government shall be submitted for examination by the central competent authority before the alcohol product is declared to custom or released from factory". To that end Chinese Taipei has requested the European Communities to provide a list of names of the government authorities or chambers of commerce in the EU member States which will issue the required certificate. The relevant lists are forthcoming, however please indicate what negative consequences for the EU exporters there would be, should such lists not be timely submitted to the competent authority.

There are no negative consequences. However, if exporters do not provide required certificate before declaring for customs clearance, and if the labeling of geographical indication is questioned in the future, the verification process will take a longer time.

8. The EU industry is particularly concerned by the ineffective enforcement efforts vis-à-vis persistent manufacturing and exportation of pirated software, video games and other optical media (especially compact disc piracies). From the statistics received in Attachment D, it appears that for the year 2001 of the IPR cases received (3,426) only 1,197 were prosecuted. For 2001, of the 1,616 IPR cases where final judgments were rendered only 680 cases lead to a sentence of 6 months or less and no more than 6 cases to a sentence between 2 and 3 years of imprisonment. In view of the figures re. above please indicate whether Chinese Taipei complies with the provision of Article 61 where it is stated that "remedies available shall include imprisonment and/or monetary fines sufficient to provide a *deterrent*, consistently with the level of penalties applied for crimes of a corresponding gravity" (emphasis added).

The cited data represent the number of cases that have been investigated and prosecuted in accordance with the Criminal Code of Procedure. With reference to statistics of the top table, 521

cases in which the suspects were determined to be guilty by the prosecutors and had been sent for simple court decisions should also be part of the effective execution. There are only 847 cases that have been revoked, perhaps due to case dismissal by the public prosecutors, or due to improper prosecuting procedure. The statistics also reveals that there are some 762 cases under “other cases” which might reflect the instances where out-of-court settlements were reached and the right holder ceases to complaint. An accusation of ineffective protection simply based upon the number of cases received and prosecuted is by no mean justified.

JAPAN

1. Concerning Response 1, please explain why two-years grace period stipulated in Article 106ter of the Copyright Law is consistent with Article 18.3 of the Berne Convention. Furthermore, please provide us detailed explanation what behaviour is regarded as “exploitation”. Considering that there seems to be no right of distribution in the Copyright Law, please explain whether selling or distributing works would be regarded as “exploitation” under the Copyright Law, and please give us explanation how long these acts would legitimately continue, especially, even after 2 year-moratorium has expired.

The moratorium is in compliance with Article 18.3 of the Berne Convention that empowers the respective countries, in the absence of any provisions contained in special conventions or to be concluded between countries, to determine the conditions of its application. The two-year grace period of Article 106ter under the Copyright Law would reasonably suffice the requirement.

The “exploitation” as stipulated in the said Article refers to the exercise of all types of rights stipulated under Articles 22 to 29 of the same Law. A specific user who meets the requirement as stipulated under Subparagraph 2 of Article 106ter is allowed to use a specific work within the two-year moratorium according to their original plans.

Since there is no right of distribution in the Copyright Law, all works legally reproduced within the 2-year moratorium can be sold after the expiry of the moratorium.

2. Concerning Response 2, it refers to the rental right of authors of cinematographic works (Article 29) and the exhaustion of the right (Article 60). Because so-called video-rental *in rerum natura* inevitably consist by lending copies of cinematographic works, it is understood that the authors cannot enjoy their rental right virtually with regard to video-rental (Article 60). Regarding this point, Response 2 states that Chinese Taipei meets Impairment Test stipulated in Article 11 of the TRIPS Agreement because video-rental has not “led to widespread copying of such works which is materially impairing the exclusive right of reduction” conferred on authors and their successors in title. Please give us detailed explanation why such explanation can be made, even without the information regarding the number of video-rental shops.

It is to our understanding that all videos offered in the video-rental shops are legitimate ones and, due to the low rental cost, customers would not need to make illegal copies out of the rented videos. Since the application of the first sale doctrine to cinematographic works has not “led to widespread copying of such works” nor “materially impairing the exclusive right of reproduction conferred,” it is therefore in full conformity of Article 11 of the TRIPS Agreement.

3. Concerning Response 4 which states “[a]lthough broadcasting organizations are not directly protected under the Copyright Law, any programs broadcast by those organizations are protected as long as such programs satisfy the definition of works as provided for in

Paragraph 1, Article 5 of the same law”, such explanation seems to refer to the last sentence of Article 14.3 of the TRIPS Agreement. However, because the exclusive right of authorizing public broadcasting under Article 24 of the Copyright Law is not granted to the case that a performance is publicly broadcasted “after such performance has been reproduced or publicly broadcasted”, it is understood that the authors of the program (a work) broadcast are not granted the right of rebroadcasting. As a result, isn’t it concluded that such provision violates the last sentence of Article 14.3 of the TRIPS Agreement and Article 11bis (1) (1) of the Berne Convention? Even if it is not regarded to violate these treaties, is the fair compensation paid for the right holder? Article 11bis (2) of the Berne Convention stipulates that the conditions which are determined by the countries of the Union as matter for legislation “shall not in any circumstances be prejudicial to the” author’s “right to obtain equitable remuneration which, in the absence of agreement, shall be fixed by competent authority”. Furthermore, if a government limits or excepts the exclusive right provided in Article 11bis (1) of the Convention, it should establish due procedure, such as fixing the level of compensation to right holders or setting up tribunal to arbitrate between broadcasting organizations and right holders over the payment of remuneration. Please explain how Article 11bis (2) of the Berne Convention is implemented.

The performance, before fixation, is a protected subject matter under Article 7*bis* of the Copyright Law. However, as soon as the performance is fixed onto another type of media, its copyright would cease to exist and a new form of subject matter, e.g. audio-visual works or sound recordings, emerges. Accordingly, when the performance is reproduced and broadcast to the public, the performer does not enjoy the right of rebroadcasting. It would be the right holder of the broadcast program who enjoys the right of rebroadcasting.

Although the broadcasting organizations are not directly protected under the Copyright Law, the program broadcast is subject to copyright protection under relevant provisions of the Copyright Law. We believe this is in full conformity with Article 14.3 of the TRIPS Agreement.

4. Concerning Response 8, regarding the last sentence of Article 26 of the Copyright Law, an exclusive right is not granted to the case that “public performances by means of loudspeakers or other equipment after the performance has been reproduced or publicly broadcast”. On the other hand, Article 11(1)(i) of the Berne Convention stipulates that authors shall enjoy the exclusive right of authorizing the public performance of their works, “including such public performance by any means or process”, including public performance by sound or visual recordings. Please explain the reason why the last sentence of Article 26 of the Copyright Law is consistent with Article 11(i) of the Berne Convention.

The performance, before fixation, is a protected subject matter under Article 7*bis* of the Copyright Law. The author of the performance enjoys full right of public performance, including performing by means of loudspeakers or other equipment, in accordance with Article 26 of the Copyright Law. However, as soon as the performance is fixed onto another type of media, its copyright would cease to exist and a new form of subject matter, e.g. audio-visual works or sound recordings, emerges. Accordingly, when the performance is reproduced and broadcast to the public, the performer does not enjoy the right of rebroadcasting in accordance with Paragraph 2, Article 26 of the Copyright Law. However, the authors of audio-visual works or sound recordings shall enjoy the related exclusive rights “including such public performance by any means or process”, including public performance by sound or visual recordings. We believe the said provision is in full conformity with Article 11 (i) of the Berne Convention.

ATTACHMENT A

Rare Disease Prevention, Control and Orphan Drug Act

Article 16

The health authority, in reviewing the application and test data of the orphan medicinal product registration for rare disease, may require the applicant to proceed with the domestic clinical trials. Under such circumstances, the authority shall make public disclosure of the content and result of the clinical trials in an appropriate manner.

Article 17

When the marketing authorization of an orphan medicinal product has been approved, the license will be valid for 10 years. During this valid period, the authority shall not accept another application in respect of a similar medicinal product.
