

Brief Overview of the Recent Progress of the TIPS Project and Important Developments of Taiwan's IP Protection Environment

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I. Introduction

Taiwan, a country with limited natural resources, has been seen to create rapid economic development for the past few decades. This achievement has been praised as an “economic miracle” and making Taiwan one of Asia’s “Four Tigers¹”. The success is a result of the tremendous hard work and efforts exerted by the local people and enterprises and the forward-looking national policies initiated by the government.

Recognizing fast technology breakthroughs and globalization trend are going to have major impacts on the traditional ways of managing business and may as a result change the current competitive landscape, the government of Taiwan has promoted vigorously of transforming Taiwan into a “green silicon island” with high value-added production². The goal is to make Taiwan an innovation headquarters for local enterprises and a regional research and development center for international corporations. It is hoped that eventually, Taiwan will not only be known as a country manufacturing high-quality “Made in Taiwan” products as it is now, but also an innovative country producing products that are “Designed in Taiwan”.

In order to encourage more innovation and to create more high value-added products, several national strategies were initiated by the government. One of the most important policies in today’s knowledge-based economy is certainly to provide a sound and effective intellectual property protection environment so that the results created from human intelligence can be well protected and utilized.

This essay provides an overview of the recent progress of the TIPS (stands for Taiwan Intellectual Property System) project, which is currently promoted by the Science and Technology Law Center. The TIPS project is an innovative program solely developed by the Taiwanese scholars in year 2003 and has since achieved quite significant success. The second part of this essay gives a brief introduction of the recent changes made to the intellectual property system in Taiwan.

II. Overview of the Recent Progress of the TIPS Project

1. The “Developmental Stage”

The TIPS project has been promoted at the initiative of the Intellectual Property Office of the Ministry of Economic Affairs in 2003. The main goal of this project is to develop a set of guidelines for managing intellectual property to be implemented by the Taiwanese enterprises. At “developmental stage”, academic journal articles and relevant legislative requirements were gathered; intellectual property management experts were consulted and companies with good and effective intellectual property management practices were interviewed. All of the information and advises were collected and analyzed and formulated into a set of guidelines which basically covers the whole cycle of intellectual property management right starts from its creation, protection, maintenance and exploitation. The types of intellectual property rights managed include patent, trade mark, copyright and trade secret.

A hearing for the draft guidelines was held in 2004. A pilot study was done by selecting eight representative domestic companies in 2005. All the public opinions, comments and advises from the trial companies were collected and used to revise the draft guidelines. The revised guidelines were then formally promulgated on March 23, 2007. The project then entered into a full “promotional stage” where the Science and Technology Law Center entrusted by The Industrial Development Bureau of the Ministry of Economic Affairs was responsible for promoting the project.

As the fundamental objective of TIPS is to assist companies to establish an effective internal intellectual property management system at relatively low cost, the whole system was developed based upon the ISO 9001:2000 Quality Management Standard. Since the ISO standards are widely recognized and adopted by many Taiwanese enterprises, for an enterprise with ISO system implemented, TIPS can be easily integrated into the existing ISO standards, conflicts between these two systems will be minimized and it will only require minimum organization structural changes and implementation costs.

Further, by incorporating the PDCA (Plan-Do-Check-Action) model and “process-oriented approach” of ISO 9001:2000, the IP management processes implemented within an enterprise possess the feature of being able to be continuously improved.

2. The “Promotional Stage”

In order to facilitate the promotion and draw more public attention to TIPS, various supplementary measures were introduced:

(1) Free on-line self-assessment tool

A collection of 50 questions is provided on the TIPS website³. Once a company has registered as a member of TIPS (simply by filling up some details about the company), it can use these questions to self-assess the effectiveness and adequacy of its existing (if any) IP management infrastructure. After the company has completed all the questions, the on-line tool would automatically generate few suggestions relating to the management of intellectual property based on the answers provided by the company. The company can also find out how they stand among all the enterprises which have taken the assessment previously. The on-line self-assessment tool is the initial step for those companies wanting to know more about TIPS. Once they realize that they are far behind the requirements of an effective IP management system, they can then move on to the next stage to implement TIPS.

(2) On-Site Diagnostic and Consulting Service

Once a company has completed the on-line self-assessment questions, it is then eligible to apply for a more detailed assessment of its internal IP management infrastructure conducted by a qualified IP service consultant. The IP service consultant will interview the managers responsible for managing IP related matters within a company and check relevant internal policies and documents. Concrete advises in relation to the implementation of TIPS will be given based on the inadequacies and problems uncovered during the on-site visit. The cost for the diagnostic and consulting service is fully covered by the government.

(3) Model Companies

Every year since 2004, some model companies are chosen as “demonstrative” companies for the implementation of TIPS. For instance, a total of 14 enterprises were selected as model companies this year. Among these companies, 3 “clusters of enterprises”, each of which contains 3 companies were chosen. The so-called “cluster of enterprises” is a group of companies that can be constituted by companies providing similar products or services within the same industry, or companies having the relationships as suppliers and consumers or companies within the same corporate structure. The introducing of implementing TIPS through “cluster of enterprises” is a promotion strategy that aims to disseminate the TIPS project more effectively and efficiently.

For these selected model companies, certain percentage of the cost for implementing TIPS is subsidized by the government.

(4) Certification

After an enterprise has fully implemented TIPS, they can then apply for certification. All the prescribed documents must firstly be sent to the TIPS working team which is responsible for all the administrative works of TIPS. After a formality check, 2 or 3 (depending on the size of the enterprise) IP experts will be chosen to conduct an on-site inspection to determine whether the newly implemented IP management system meets the minimum requirements of TIPS. If the experts are satisfied with the inspection result, a certificate for the compliance of TIPS will be issued by the Industrial Development Bureau (IDB) of the Ministry of Economic Affairs. The certificate serves as government’s assurance to the public that the certified enterprise has at least the minimum ability (evaluated in accordance with government’s standard) to manage and protect its intellectual property.

(5) IP Management Courses

Three types of courses are provided to train IP management personnel. The basic course is an introductory course, which covers the basic principles of TIPS. The intermediate course called The Practical Implementation Course covers more detailed explanations of TIPS and how it can be implemented into the enterprise. Any person who has completed this course and passed the test will receive a certificate. The advance course called Self-Assessment Course teaches students how to evaluate and determine whether their newly developed IP management system conforms to the TIPS requirements. Again, a person who has completed this course and passed the test will receive a certificate. In order for an enterprise to be eligible to apply for a certificate for the compliance of TIPS, the enterprise must firstly furnish a self-assessment report to be completed by a “qualified person”. Such “qualified person” is the person who has successfully obtained the certificate for the completion of Self-Assessment Course.

3. Achievement

The TIPS project has received wide recognition since it first launched in year 2004. To the end of 2008, 297 enterprises have completed the on-line self-assessment questions; 73 companies have received on-site diagnostic and consultation services; 618 persons have taken the IP management courses; 45 enterprises have successfully obtained the certificates for the compliance of TIPS and more than 142 enterprises have either completed or in the middle of implementing TIPS.

Benefits of implementing TIPS as reported by TIPS implemented enterprises are summarized as follows:

(1) Company A:

Implementing TIPS provides an assurance that Company A has adequate ability to protect the technology secrecy belongs to its international client. Company A thus obtained a new purchasing order worth more than NT\$ 100 million.

(2) Company B:

TIPS assists in enhancing the level of trust on the company’s ability to protect its international client’s confidential information. A new purchasing order worth NT \$ 30 million is placed by such client.

(3) Company C:

Through systematic IP management and IP inventory audit, Company C starts to formulate a plan for licensing out its non-core IP assets.

(4) Company D:

The alignment of R&D and business strategies required by TIPS ensures the accuracy of the R&D direction. The systematic way of managing the R&D projects also reduces the R&D phase to 45 days, saving R&D expenditure by 10%.

(5) Company E:

Implementing TIPS helps Company E to formulate a more clear and definite IP mapping strategy. Company E plans to implement TIPS into its whole corporate group in 2008.

(6) Company D:

Systematic IP management has reduced the number of litigation allegations. Company D plans to implement TIPS into every business unit within its corporate structure in 2008.

4. Proposed New Features of TIPS

In answering to the responses receiving from the TIPS implemented enterprises, two new measures are going to be launched in 2009. First, enterprises with effective IP management system and strategies are encouraged to write up an Intellectual Property Management Report summarizing their business, R&D and IP management strategies as well as their accumulated IP assets. Second, an Experience-Sharing Platform is going to be established where enterprises can freely exchange their experiences of managing IP and how to formulate an effective

IP management strategy.

III. Recent Development of Taiwan's IP Protection Environment

Year 2008 can be said to be a significant year for the history of IP development in Taiwan where three completely new legislations have taken effect this year.

The Intellectual Property Court Organization Act⁴ and the Intellectual Property Case Adjudication Act⁵ were both promulgated on March 28 2007 and effective as of July 1 under which a new IP Court was established with new laws to govern the adjudication of IP cases. The Patent Attorney Act which governs the qualification and registration of a new patent attorney profession was promulgated on July 11 2007 and effective as of January 11 2008. It is believed that through the commencement of these three new legislations, the accuracy, consistency as well as efficiency of resolving IP-related disputes in Taiwan are going to be significantly improved.

A short introduction for each of the three new legislations is provided below:

1. New IP Court

A new IP Court was established pursuant to the Intellectual Property Court Organization Act and began to hear cases on July 1 2008. This Court is given jurisdiction to hear first and second instances of a civil action, first instance of an administrative action and the second instance of a criminal action for matters concerning IP rights. For examples, interests arising under the Patent Act, the Trade Mark Act, the Copyright Act, the Trade Secret Act, the Optical Disk Act, the Species of Plants and Seedling Act, the Fair Trade Act and the Regulation Governing the Protection of Integrated Circuits Configurations. Unlike previously, where the validity issues must be determined by the administrative court, the newly established IP Court can hear and decide the validity of an intellectual property right at issue. This will significantly improve the efficiency of resolving an IP dispute.

Eight experienced judges were chosen to sit on the bench of the IP Court. Since most IP related matters involve complex technical issues, nine technical examination officers with various technical backgrounds from the Taiwan Intellectual Property Office were chosen to assist and provide their technical expertise and opinions to the IP Court judges.

2. New Laws Governing IP Litigation

(1) Litigation procedures

The Intellectual Property Case Adjudication Act prescribes rules for adjudicating IP-related disputes. The Act recommends to try an IP infringement case through a 3-step processes. First, to determine the validity of an IP right. Second, to determine whether an IP right has been infringed and finally, to calculate the damages. The IP Court may at any state dismiss the case if it finds the IP right at issue is invalid or not infringed. In order to avoid unnecessary efforts spent on determining whether an IP right is infringed if such right is in fact invalid, the Act requires the IP Court to determine whether a right is infringed only after the invalidity defense raised by the defendant is dismissed.

(2) Preliminary injunction

The Intellectual Property Case Adjudication Act also introduces the criteria used by the US courts to determine whether a preliminary injunction order should be granted. Before the enactment of this new Act, the requirements for granting preliminary injunction in Taiwan were quite loose as the court could grant a preliminary injunction order without firstly reviewing the merit of the case. The new adopted US criteria require the judges to determine the likelihood of success on the merits of the case; whether a substantial threat of irreparable damage or injury would be caused if injunction is not granted; the balance of harms weighs in favor of the party seeking the preliminary injunction and the impact of the decision on public interest. As the criteria become stricter, it is believed that less preliminary injunctions will be granted. A plaintiff seeking a preliminary injunction order in the future shall put in more efforts in preparing evidences and reasons arguing that an injunction maintaining the status quo is necessary.

(3) Protective orders (as to confidential information)

As most IP litigation cases involve matters concerning confidential information or trade secrets, which are often crucial for the survival of an enterprise, the Intellectual Property Case Adjudication Act introduces a protective order into practice to preserve the confidentiality of specific information given by parties to the suit or a third party. A party to the suit or a third party can apply to the court to issue a protective order restraining the accessibility to the protected confidential information and restraining those who have accessed to the confidential information from disclosing it to others. Any intentional violation of the protective order is subject to a criminal liability.

It is expected that by introducing the protective order, confidential information or trade secret holder may become more willing to reveal such information, which may assist improving the accuracy of resolving the disputes between parties.

(4) Improved evidence preservation procedure

Unlike the US court system, Taiwan, a civil law country, does not have discovery or Markman hearing procedures. Before the enactment of the Intellectual Property Case Adjudication Act, even though a judge can ask the parties to preserve evidences for the use of the trial, the judge is however, given no authority of compulsory execution. A party can refuse to comply with the judge's request without any legal consequence. The new Act now provides compulsory execution of an evidence preservation order. Parties who are subject to the evidence preservation order are obligated to comply with the order. Furthermore, the judge may also request assistance from technical examiners or police department to provide advises.

3. New Patent Attorney Profession

The Patent Attorney Act sets the requirements for becoming a qualified patent attorney in Taiwan. According to the Act, patent attorneys should be specialized in both technology and patent regulations. A candidate must firstly pass the Patent Attorney Eligibility Examination, followed by a period of prevocational training, such candidate is then able to register with the Taiwan Intellectual Property Office and join the Patent Attorneys Association. It is hoped that by introducing the new patent attorney profession, the quality of patent applications will be improved and thus reduce the ever increasing workload of patent examiners.

IV. Conclusion

The initiative of the TIPS project, the establishment of the IP court and the newly implemented patent attorney system all demonstrate the government's determination to create a more sound and efficient environment for the protection of intellectual property. The overwhelming success of the TIPS project evidenced by the number of enterprises implementing the system indicates that Taiwanese companies are self-motivated, able to see the importance of intellectual property as their main source of competitiveness and are ready and willing to move into the next stage of "innovative" management. It is believed that through the government's pragmatic and foresight policies coupled with the adventurous and hard work spirits possessed by the local enterprises, Taiwan will eventually reach its goal of becoming a "green silicon island", creating another "economic miracle".

Along with Singapore, Hong Kong and South Korea.

<http://www.asianinfo.org/asianinfo/taiwan/pro-economy.htm> (last visited: 12/31/2008)

TIPS website: <http://www.tips.org.tw/>

<http://www.taie.com.tw/English/970520a.pdf> (last visited: 12/31/2008)

<http://www.taie.com.tw/English/970520a.pdf> (last visited: 12/31/2008)

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