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Legislative amendment introduces administrative border control measures

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At present, the Patent Act provides no administrative border control measures for a patentee to seek the detention of infringing goods. Border control measures for infringing goods are applied only after a preliminary or final injunction enjoining the import or export of goods has been obtained from the court.

However, in the international context, administrative border control measures aimed at patent infringement are nothing new. Major countries have gone beyond Article 51 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), expanding the scope of IP rights subject to rights holders' applications for suspension of clearance to include patents. Therefore, in an effort to strengthen patent protection, on 3rd January 2014 the legislature amended the Patent Act to add four border protection provisions (Article 97-1 to 97-4). The amendment is scheduled to take effect by the end of March 2014 and the key changes are outlined below.

Suspension of clearance procedures

A rights holder, on making a preliminary showing of the facts of infringement in writing and furnishing a security deposit equivalent to the duty-paid price of the imported goods, shall be entitled to request Customs to suspend the clearance of goods suspected of infringing its patent rights.

Based on the application filed by the rights holder, Customs will suspend the clearance of goods for which it has *prima facie* evidence to believe that the imported goods infringe patent rights. Customs shall notify both the applicant and the importer immediately on granting the application.

At the request of the rights holder or the importer, Customs may allow examination of the detained goods without prejudice to the protection of confidential information contained therein.

Repeal of suspension

Where the clearance of goods has been suspended, Customs shall repeal the suspension if:

- A civil infringement complaint has not been filed by the rights holder within 12 days of grant of the application.
- A court of law renders a final and conclusive judgment of non-infringement.
- The rights holder revokes the suspension application.
- The owner of the detained goods provides a security deposit equivalent to twice the security deposit provided by the rights holder.

Damages

Where the rights holder is awarded a final judgment confirming that the detained goods have infringed its patent rights, the owner of the detained goods shall be responsible for all relevant expenses incurred as a result of the detention (eg, the costs of warehousing, loading and unloading the detained goods). On the other hand, if the suspension order is revoked, the rights holder shall be liable for all relevant expenses incurred as a result of the detention.

Next steps

In order for the amendment to be implemented, Article 97-4 stipulates that the government bodies responsible for IP and customs matters respectively – the Ministry of Economic Affairs and the Ministry of Finance – shall collaborate on the formulation of relevant enforcement procedures. To this end, the Taiwan Intellectual Property Office has begun drafting the Regulations Governing Detention of Suspected Patent-Infringing Goods by Customs which, once approved, will take effect concurrently with the amendment.



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