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Taiwan

Taiwan Patent Updates – Legislators Propose to Introduce Repair Clause for Motor Vehicle Parts in the Taiwan Patent Act

Just before the 2020 summer recess of the Taiwan Legislative Yuan, the Legislators proposed a draft amendment adding repair clause for motor vehicle parts to the Taiwan Patent Act. The Legislative Yuan reopened legislative session on 1 September, 2020 and we expect there would be an inevitable heated debate between the automobile manufacturers and Taiwanese aftermarket car parts manufacturers.

Background

Daimler AG, the owner of the famous Mercedes-Benz, brought design patent infringement actions against a Taiwanese vehicle headlamp manufacturer DEPO (帝寶) for Daimler's registered design rights in Taiwan. In 2017, DEPO was ordered by the court to pay a compensation of NTD 30 million (approx. USD 1 million) for infringement of design patent rights. DEPO was also required to recall the products and destroy all infringing products and manufacturing molds.

After the ruling was announced, the manufacturers of auto parts in Taiwan suggested the amendment of Patent Act to the Legislators, and the Legislator proposed the introduction of a repair clause on 24 April 2020 to the Legislative Yuan.

Legislator's Draft Amendment on Article 136 of the Taiwan Patent Act

In the draft amendment, the Legislators states that in order to foster fair competition in the automotive repair industry and eliminate the monopoly of the original automobile factories, a repair clause shall be included in Article 136 of the Taiwan Patent Act.

| Current Patent Act | Proposed Amendment |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Article 136 – Effects of design patent right Unless otherwise provided in this Act, the patentee of a design patent has the exclusive right to prevent others from exploiting the design or similar design(s) without the patentee’s consent. The extent of the protection conferred by a design patent shall be determined by the drawing(s), and the description may be considered as a reference. | Article 136 – Effects of design patent right Unless otherwise provided in this Act, the patentee of a design patent has the exclusive right to prevent others from exploiting the design or similar design(s) without the patentee’s consent. The extent of the protection conferred by a design patent shall be determined by the drawing(s), and the description may be considered as a reference. Protection as a design patent right shall not exist for a design which constitutes a component part for the purpose of the repair of a car or other motor vehicle so as to restore its original appearance. |

Stance of the IPO and Wisdom’s Comments

Some newspaper and media outlets continue to criticize the court judgement and opined that a repair clause should be introduced in the Taiwan Patent Act, which we believe the Taiwan auto parts manufacturers play the key role in influencing the mass media.

The Taiwan Intellectual Property Office (IPO) confirmed that they would not actively initiate the amendments to the Taiwan Patent Act regarding repair clause. However, since legislators have passed the draft amendment on the Taiwan Patent Act to the Legislative Yuan, the amendment will be reviewed by the Economic Committee of the Legislative Yuan. The IPO would only decide its stance and respond if the Legislative Yuan invites the IPO to express its opinions.

If the repair clause for motor vehicle parts has been introduced in Taiwan, it would certainly have a significant impact on the rights of the design patentee. It will be interesting to see how the repair clause develops in Taiwan. Wisdom will be following up on this issue.

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