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Managing Editor

Gregory Glass
T: +852 3996 9541 E: gglass@asiaiplaw.com

Staff Writers

Johnny Chan E: jchan@asiaiplaw.com
Jeffrey Lee E: jlee@asiaiplaw.com
Lily Zhang E: lzhang@asiaiplaw.com

Business Development Managers

Isaac Man E: iman@asiaiplaw.com
Gary Tang E: gtang@asiaiplaw.com

Contributors

Dhruv Anand Subhasmita Baro
Nigel Carson Crystal J Chen
Victor SC Lee Gladys Mirandah
Tanvi Misra Neville Tam

Office Manager

Karen Barton

Production Manager

Faye Lee, PEP Production

Publisher

Darren Barton
T: +852 3996 9540 E: dbarton@asiaiplaw.com

Contact us

Editorial
E: editorial@asiaiplaw.com

Subscriptions/Customer Service

E: cs@asiaiplaw.com

Advertising

E: enquiries@asiaiplaw.com

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Apex Asia Media Limited
2A Gold Shine Tower
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T: +852 3996 9540 F: +852 3015 8136
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A New Frontier

Asia's new frontier is Myanmar. And if things go the way they're expected to go in the coming months, Myanmar could be huge.

Long considered a pariah state thanks to its military government, which was accused of gross human rights violations and of crushing dissent, Myanmar has now taken real steps towards shaking off the past and embracing the future.

The junta has given way to a civilian government, though it seems clear that the military will continue to wield great influence in the national government, thanks to a pro-military constitution brought into force in 2008. Sanctions have been lifted by the United States and the European Union, and investors are eager to find their way back. "We are very busy," says Minn Naing Oo, a commercial and corporate lawyer who is managing director at Allen & Gledhill (Yangon). "Foreign investment is coming in in much larger numbers than just a year ago. Myanmar is a country with great potential. It just makes sense for us to be here."

But challenges do remain for investors, including a suite of century-old laws used for intellectual property protection. Lawyers and investors have been expecting new IP laws since at least December 2013, but the government has missed targeted dates on numerous occasions. The IP laws are being crafted by the Ministry of Science and Technology with input from both local and foreign experts, before ending up in the attorney general's office for review. Most high profile lawyers in Myanmar have been consulted in some form.

Most lawyers seem to believe that the IP laws will be introduced as a package deal – as separate trademark, copyright, patent and design laws – rather than one-by-one, and tell *Asia IP* that it's virtually impossible to predict when the laws will debut. But the fact that Myanmar lacks modern IP laws doesn't mean that brands are without protection. "It doesn't mean there are no avenues to enforce IP rights," says Michael Ramirez, a consultant at Tilleke & Gibbins in Yangon. "You can use common law laws. It's just that in Myanmar, those laws are very, very old."

But as long as investors are willing to stomach a bit today's old west-style frontier, there are plenty of opportunities to be had in Myanmar. "It can be a challenge to simply navigate the government ministries," says Myint Lwin, an advocate at U Myint Lwin Law Office. "When you come to Myanmar as a foreign investor, you can't expect the country to be like a supermarket. You have to approach it like a hunter. You have to hunt and fish for yourself."

Darren Barton
Publisher

Gregory Glass
Managing Editor

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CHINA



Better Protection Sought for Jiangzi Porcelain

Jingdezhen, in Jiangxi Province, known as the “porcelain capital of China,” is a city famous for producing quality pottery.

Jingdezhen porcelain has beautiful shapes, rich decorations and unique styles. However, forged designs in pottery are hurting art works that should be created and innovated by heart and soul, say lawyers in the region.

Chen Lifeng, a lawyer at Qinfeng Law Firm in Nanchang, Jiangxi, says that although protection rules were put in place for typical traditional Qinghua porcelain, Linglong porcelain and Fencai porcelain by the General Administration of Quality Supervision, Inspection and Quarantine in 2005, IP laws are inadequate to protect the beautifully-made pottery due to the complexity and variety in the industry.

In November 2014, China’s first pottery copyright trading web platform was put online, aiming to fight infringement and pirated commercial products. The platform, once it has been applied nationally, will bring big benefits to the pottery trading market, since an increasing number of pottery trade deals are being conducted online.

The move was mainly pushed through by Jingdezhen Ceramic Institute, whose

establishment created an environment for cultural continuity and provides assistance to the Chinese cultural industry. In recent years, the Institute has been playing an important role in IP, improving peoples’ awareness, as well as publicizing and promoting local cultures to the world.

Chen says protection of pottery should be adopted into the legal system to better reduce pirated products. She says that China could learn from South Korea and Japan about their experiences in folklore protection, further to promote its internationalized process of pottery IP, and that the government should not skip on any efforts for IP protection. To successfully operate in the market and fight piracy, says Chen, Jiangxi pottery industry still has a long way to go.

Jiangxi has 32 folk arts regions, owning outbound historical and cultural heritage. That includes paper-cuts, poems, calligraphy and nuo drama (one of the most popular folk operas in southern China). Chen says most of the art forms that have been passed from one generation to another rely on oral records.



This Ming plate with grape design, photographed at the British Museum in London, was likely fired in 15th century Jingdezhen kilns.

Source: PHGCOM/Wikimedia Commons

“Written records, on the other hand, are rare. Specific laws, including copyright, trademark and patent, have been set up and modified separately, but there is not a piece of united IP law, which arrogates the possibility to protect cultural heritage as a whole,” he says. To better protect the cultural heritage according to their own features, what China needs is more than the current IP law system. Cooperation between the administrative and judicial systems, for example, would help China become a stronger power in IP.

- Lily Zhang

INDIA



India, US Agree to Enhanced IP Cooperation

India and the US have agreed to enhance their engagement on intellectual property rights, a vexing issue between the two countries.

Visiting US President Barack Obama and Indian Prime Minister Narendra Modi reaffirmed the importance of providing transparent and predictable policy environment for fostering innovation at a meeting in late January.

Recognizing the progress made in constructive engagement on intellectual property under the last round of the India-US Trade Policy Forum held in November last year, the two sides also looked forward to enhance “engagement on IPR in 2015 under the High Level Working Group on IP, to the mutual benefit of both the countries,” the statement said.

According to Natasha Bali, an associate at ZeusIP Advocates in New Delhi, the benefits that India would derive out of the intellectual property engagement are, presently, difficult to access, since there is no written agreement or contract which enlists the exact terms that the countries wish to enter into to enhance their IP relationship.

“Based on the previous and current talks between the two countries, one can gather is the US intends on bringing about a change/amendment in the existing IP structure in India,” she says, “and the core area of focus is patents and piracy in films and software industry.”

Bali says that to address the same the two moves initiated by India were constitution of the joint Indo-US working group on intellectual property rights and a think-tank to draft a national IPR policy.

She says positive outcomes are likely under two conditions: that the rather strained business and economic relationship between India and the US would be resolved to an extent that could increase the investment and involvement of big companies into India, and that India would be removed from the priority watch list that gives an impression of India not being an IP-friendly country and in violation of WTO and TRIPS terms and conditions.

Bali says India has a robust IP system and is in complete compliance with the WTO framework. “The policies/rules/regulations provided under the Patent Act are framed in a manner which helps in maintaining a perfect balance between the inventor’s rights and public interest at large,” she says.

- Lily Zhang

SOUTH KOREA —

KIPO Provides “One Portal Dossier” Information

Korean Intellectual Property Office (KIPO) commissioner Kim Young-Min has announced that KIPO will launch a service called One Portal Dossier (OPD), which will provide the public with access to patent examination progress information from the world’s five largest IP offices.

The world’s five largest IP offices are the European Patent Office, Japan Patent Office, KIPO, China’s State Intellectual Property Office and the United States Patent and Trademark Office.

System development on the OPD was finished last year, and its official launch will be in March 2015 after its compatibility with the other IP5 offices has been tested. Joint testing in collaboration with other IP5 offices is underway and in its final stage.

The OPD will allow the public to access the IP5 offices’ patent examination data, applications (both filed and cross-filed), and decisions of registration (both filed and cross-filed), as well as to retrieve examination progress information during all phases of the application process, from filing to registration.

Previously, South Korean users were required to access the examination progress database of each IP5 office separately. This resulted in further inconvenience, as Korean translations of the examination progress data were not available from foreign offices. The patent examination progress information services of the IP5 offices are the USPTO-PAIR, EPO-Espacenet, SIPO-CPQuery, JPO-IPDL and KIPO-e-filing portal site.

The OPD service is an IP5 cooperative project aimed at enhancing user convenience and making available patent examination progress information from the IP5 offices, which account for 80 percent of all applications globally. In June 2014, KIPO proposed a concrete system development plan and successfully fostered an agreement at the previous IP5 Heads Meeting in Busan.

“Each of the patent offices has the burden of preparing its own software at its own expense,” says Myung-Shin Kim, managing partner at Myung-Shin & Partners in Seoul.

KIPO will begin by providing examination progress information from South Korea, Europe and Japan, and will add China’s information sometime during the second half of 2015. KIPO will be able to provide American

examination progress information by 2016, at which time the patent examination progress data from all of the IP5 offices will be available.

But after the USPTO, Kim says there is no plan yet to add more patent offices.

The OPD service requires application numbers only for the retrieval of examination data on a single page, without having to go through such certification procedures as authorized certificates or logging in. This service will also allow users to download examination progress data electronically. However, “it is not so easy for the IP5 offices to harmonize because examination standards and practices of each office are different,” says Kim.

According to a senior official at KIPO, “patent trend analyses and corresponding strategies in Korea are now the key to business survival in a creative economy, and KIPO hopes the OPD service will be useful to the public in keeping abreast of global patent trends and preventing patent disputes.” While patents are taken care of, KIPO does not yet have plans to launch a similar system for other IPRs, says Kim.

- Johnny Chan

SOUTH KOREA —

KIPO Provides Standardized Korean-English Applicant Name Data Free of Charge

The Korean Intellectual Property Office (KIPO) has launched a database of standardized Korean-English applicant names – a first among IP offices worldwide – and has granted the public free access to it via KIPRISPlus (Patent Information Web Services).

A “standardized applicant name” is a blanket term for collecting all facets of a given applicant – whether said applicant is an individual or a corporation – under a single unifying label. KIPO’s current database contains standardized applicant names in both English and Korean, as opposed to the previous, Korean-only version that was disseminated last June.

Nowadays, applicants are supposed to use only one applicant name for registration. Prior to 2009, however, there were no restrictions as to the

number of applicant names they were allowed to use. Thus, there were many instances in which a single applicant was attached to several different applicant names. For example, the electronics company AA went by AA Electronics Co LTD, AA Electronics Co, and AA Electronics Corporation.

To address this issue and provide the public with access to precise applicant name data, KIPO pared its database of 1.3 million applicant names down to 1.22 million. It then used these names to establish a database of standardized applicant names linked to Korean patent, utility model, trademark, and design publications, 7.22 million files in total.

Standardized applicant name data make it easier for users to search for patents and other IPRs, whether they are held by individuals or corporations. Enhanced accuracy of information on IPR holders also leads to smoother technology transactions and increased protection for right holders.

“The purpose for making the database is to secure the identity of applicants with paperless administration,” says Myung-Shin Kim, managing partner at Myung-Shin & Partners in Seoul. “It has been very useful when preparing statistics, and we practically could not find any drawbacks.”

The standardized Korean-English applicant name data that KIPO has made publicly available contain 980,000 applicant names registered in both English and Korean, making it easier to accurately search the English names of foreign firms and stay current with overseas application trends.

KIPO will collect the raw data for standardized Korean-English applicant names and put this data at the public’s disposal. This will enable individuals and firms to develop various IP products and services, such as applicant name search services and statistical products containing IP rights information.

- Johnny Chan

CHINA



Dacheng and **Dentons** have merged, creating a law firm of more than 6,500 lawyers in 120 locations across more than 50 countries. The merger is the first of a leading Chinese firm and a top 10 global firm. The firm will be known as **Beijing Dacheng Law Firm** (北京大成律师事务所) in Chinese and as **Dentons** elsewhere.

“This combination is truly the first of its kind. Together, we are taking an unprecedented step forward in our profession – a ground-breaking milestone in the history of international law firms,” said Peng Xuefeng, director and founding partner of Dacheng, who will be chairman of the global board and chairman of the global advisory committee of the new firm.

The new firm will have offices across the Asia Pacific region, including in all 34 of China’s regional administrative divisions.



Ruixue Ran has joined **Covington & Burling** as an IP partner in the firm’s Beijing office. Ran has

advised multinational companies on their intellectual property and unfair competition disputes in both countries. She has substantial experience in representing Chinese companies in high-stakes investigations under Section 337 before the US International Trade Commission. Ran, who is admitted in New York, was one of the first Chinese nationals to be authorized to appear before the ITC and subscribe to the agency’s protective orders.

“The addition of Ruixue is an important step in the ongoing expansion of our IP litigation capabilities worldwide,” said Timothy Hester, chair of the firm’s management committee. “This addition in China also complements the IP expertise we have added in Seoul over the past year to support our clients headquartered in Asia.”

INDIA



Leading Indian IP practices **Singh & Singh** and **Lall & Sethi** will merge effective April 1. The news was first reported by Indian legal journal *Bar & Bench*. The new firm will

CHINA



AWA Asia Names Ai-Leen Lim CEO



European IP consultancy **Awapatent** has appointed **Ai-Leen Lim** as CEO and principal counsel of **AWA Asia**.

The move was announced in a February office opening in Hong Kong. **AWA Asia** is **Awapatent**’s newly-registered firm in Hong Kong and Beijing.

Lim is a Hong Kong and UK solicitor who is also admitted as an advocate and solicitor in Singapore. She was previously a partner at **Bird & Bird**, where she was head of trademark portfolio management. A team of six senior lawyers and IP professionals

from **Bird & Bird** will join Lim, including **Rhonda Tin** (counsel), **Lawrence Yeung** (counsel) and **Ashley Zhao** (senior associate), and IP portfolio management executives **Allen Yip** and **Angel Yu**.

The firm has also established an IP consultancy, **AWA IP** (Beijing), which is a licensed PRC trademark agency.

“Together with **Awapatent** in Europe we have a vision to be the leading pan European-Asian IP boutique firm that provides a seamless service with a tier 1 reputation in all aspects of contentious and non-contentious intellectual property work,” says Lim.

reportedly be called **Singh & Singh Lall & Sethi**.

Singh & Singh was formed in 1997 by **Maninder Singh** and **Prathiba M Singh**, who are now both senior advocates. **Lall & Sethi**, established by **Chander Lall**, has four other partners.

Lall told *Bar & Bench* that the combined firm will “have the perfect synergy. Each of us has its own strengths and weaknesses. We are very strong in international markets as far as trademark and copyrights are concerned while **Singh & Singh** is strong in the same areas in the domestic market. With this merger, the new firm can now handle both IP litigation and prosecution.”

The combined firm will have nine partners and 26 lawyers.

INDONESIA



Juanitasari Winaga has joined **Januar Jahja & Partners** in Jakarta as an IP consultant. **Winaga** has

extensive private sector experience, particularly in the food and beverage industries. A cum laude graduate of **Atma Jaya University** in Jakarta with a Master’s Degree in Business Administration from **Universitas Bina Nusantara (Binus)**, she is a registered IP consultant licensed to practice before the Indonesian Directorate

General of Intellectual Property (DGIP).

“We are extremely happy to add **Juanitasari** to our growing crop of young, internationally-experienced IP professionals. Her business background will be a great asset to the firm at this exciting time in the development of intellectual property law in Indonesia,” said managing partner **Januar Jahja**.

ISRAEL



Liad Whatstein, former head of litigation at **Dr Shlomo Cohen & Co**, has left that firm to establish **Liad Whatstein & Co**, an IP boutique which will provide services including patent infringement and oppositions, patent term extensions, trademark enforcement and anti-counterfeiting.

SINGAPORE



King & Wood Mallesons has announced plans to open an office in Singapore, having been granted a foreign law practice licence by the Attorney General’s Chambers. The Singapore practice will have an initial focus on international funds, energy and resources and China inbound and outbound work. The firm expects to open the office within two or three months.

The Investors are Coming



After 25 years of sanctions, investors have turned an optimistic eye toward Myanmar. The country once known as Burma is loosening restrictions and updating its laws as quickly as it can. **Gregory Glass** reports.

Investors are coming to Myanmar.

After 25 years of sanctions and shunning, the country once known as Burma is quickly emerging as one of Asia's most interesting, and potentially lucrative, destinations for foreign investment, despite the lack of anything resembling modern intellectual property laws.

by opposition leader Aung San Suu Kyi's National League for Democracy (NLD).

Sanctions imposed by the United States and the European Union against the military government resulted in the withdrawal from Myanmar of most US and many European countries, although many Asian companies have continued to do business in Myanmar, particularly those from Japan and South Korea.

Tourists also abandoned the country, many at the behest of Suu Kyi and the NLD, who urged foreign tourists to avoid the country, leaving it mostly isolated from Western influence for more than two decades.

But with promises of a general election sometime in 2015 and an aggressive modernization of laws – intellectual property and otherwise – this large country wedged between Thailand, India and China is back on the map. “The introduction of sweeping economic reforms over the past three years have liberalized Myanmar’s economy

and opened the doors to foreign investment and trade,” the Directorate of Investment and Company Administration (DICA) trumpets in its *Myanmar Investment Guide 2014*.

Currency reforms – the *kyat* was floated in 2012, the use of

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Investors are very excited about the commercial opportunities in Myanmar.

- Dan Greif, senior counsel,
Siam Premier International, Bangkok

”

Myanmar has been largely cut off from Western foreign investment since the country's military government came to power in 1988, more so since that government refused to honour the election results of the 1990 general election, won

foreign exchange certificates eliminated only in 2013 – and a new foreign investment law were followed by a 2014 law creating special economic zones and tax reforms aimed at reducing profit taxes, all of which led to GDP growth of 7.8% in 2014, according to Asian Development Bank figures. The ADB expects GDP growth of 7.8% in 2015, as well.

“



The fact that Myanmar lacks modern IP laws doesn't mean that brands are without protection. You can use common law laws. It's just that in Myanmar, those laws are very, very old.

- Michael Ramirez, consultant,
Tilleke & Gibbins, Yangon

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Foreign direct investment (FDI) in Myanmar totalled K3.8 trillion (US\$3.8 billion) in the first eight months of the 2014-15 fiscal year, according to DICA, from 108 companies in 19 countries, an amount which is on track to be up from US\$4.11 billion in 2013-14, and up sharply from 2012-13 when FDI totalled US\$1.42 billion. In 2009-10, the year before President U Thein Sein took office, FDI was only US\$329.6 million.

One-third of FDI in Myanmar comes from Singapore, in part because many companies from the US (and some parts of Europe) use their Singapore affiliates as an intermediary for investment. While many of the economic sanctions have been rolled back

in recent years, President Barack Obama told lawmakers in the United States that he had renewed the National Emergencies Act for another year. The law prohibits US businesses and individuals from doing business with those involved in repression of Myanmar's democracy movement.

“Most of the US investments have indirectly entered into Myanmar through Singapore,” U Aung Naing Oo, director general of DICA, told local media in December 2014. “The investments of some other countries entered into Myanmar indirectly through Singapore, too. That's why the amount of Singapore's investments in Myanmar is huge. It is partly because there are still some US economic sanctions.”

Hong Kong-based companies are the second-largest group of investors in Myanmar, followed by China, South Korea, Thailand, the United Kingdom, Malaysia, the Netherlands, India, Japan, Canada, Malaysia and the Philippines.

And Myanmar is back on the tourist trail, too. Not only has the government simplified the process for tourist visa applications, the NLD has softened its stance against tourism. Suu Kyi told the *Lonely Planet* travel guide in 2011 that while the NLD was not in favour of group tourism, it welcomed individuals. “Foreign tourists could benefit Burma if they go about [their travels] in the right way, by using facilities that help ordinary people and avoiding facilities that have close links to the government. If [tourists make the effort] to meet people working for democracy, then it might help,” she told the travel guidebook publisher.

(Suu Kyi deliberately uses the word Burma to refer to her country as a political statement, though the country's people generally seem to be content using the name most of the world, and this magazine, use: Myanmar.)

In 2010, a mere 791,000 foreign tourists visited Myanmar.

Existing Laws Relating to IP in Myanmar

Type of IP	Substantive Law	Related Law
Trademark	None	Penal Code Merchandise Marks Act Specific Relief Act Sea Customs Act Registration Act
Copyright	Myanmar Copyright Act	Specific Relief Act Television and Video Law
Patent	None	Patent and Design (Emergency Provisions) Act Specific Relief Act
Industrial Design	None	Patent and Design (Emergency Provisions) Act Specific Relief Act

Source: Dan Greif/Siam Premier International

By 2013, the government's Central Statistical Organization reported, more than 2 million tourists visited, with an estimated 3 million expected in 2014. The government has set a goal of welcoming 5 million foreign tourists this year. Visitor numbers

Euromonitor says the growth will be fuelled by a growing middle class and increasing consumer sophistication, which also bolstered sales of non-essential products, such as beauty and personal care, tissue and hygiene and home care products.

“



Many of the substantive and procedural laws introduced by the British are still in force.

- *Thein Aung, advocate,*

Myanmar Trademark and Patent Law, Yangon

”

remain significantly below those of its neighbours: Vietnam's 2013 arrivals totalled 7.5 million, Indonesia 8.8 million, Malaysia 25.7 million and Thailand 26.5 million, according to figures from the World Tourism Association.

Rapid growth in investment and tourism has led to unprecedented real estate prices in Yangon, the country's commercial centre, squeezing small and medium enterprises and making entry expensive for foreign investors. Office rental costs in 2014 averaged US\$88 per square meter in Yangon, compared to US\$75 in Singapore and just US\$25 in Bangkok. While office supply is expected to nearly double the end of 2015, demand may continue to outstrip supply, with some market-watchers predicting rents exceeding US\$100 per square meter this year, as more foreign banks open offices in Yangon and the Yangon Stock Exchange opens in late 2015.

But it has also led to an increased awareness of foreign products and foreign brands, which has created a bonanza of work for the country's IP lawyers.

Foreign Brands Coming

While much of the present foreign investment in Myanmar is in infrastructure – foreign firms invested US\$354 million in the hotel sector in the first eight months of 2014-15 and US\$623 million in real estate – lawyers in Yangon expect more Western brands to turn up shortly. US-based General Electric, Ford, Coca-Cola, PepsiCo and Colgate have all launched operations in Myanmar in the past two years, with Coca-Cola pledging more than US\$200 million in investment over the next five years.

Research firm Euromonitor International forecast in 2014 that overall packaged food sales in Myanmar are anticipated to register a compound annual growth rate (CAGR) of 15% between 2014 and 2018, while soft drinks (including juices and carbonated beverages) are expected to grow at a CAGR of 23% over the same period.

“Myanmar is one of the largest countries in Southeast Asia, with a population of more than 55 million people. Investors are very excited about the commercial opportunities in Myanmar,” says Dan Greif, a senior counsel at Bangkok-based Siam Premier International who heads the IP teams at that firm and at its Yangon-based affiliate, Myanmar Premier International.

Sanctions, isolation and high rents aside, foreign brands face a market in Myanmar which, for the moment, has very little modern intellectual property protection, although a plethora of IP laws are – and have been for some time – in the drafting stage. Lawyers and investors have been expecting new IP laws since at least December 2013, but the government has missed targeted dates on numerous occasions. A Bangkok-based lawyer who works extensively in Yangon said that the present delay is thought to involve the forthcoming copyright law, about which some stakeholders apparently hold reservations.

“



We started to collect notices in 1959, and now have 70,000 notices in our database as a trademark search service. My grandfather started to collect the newspapers, and my father, Min Tayza, built it into a database.

- *Kyaw Moe Htet, partner,*

U Nyunt Tin Associates International, Yangon

”

Other rumours within Yangon's tightly-knit community of foreign and local lawyers indicate that perhaps some high-level interests within Myanmar are not completely supportive of the changes to the IP law. “Perhaps some entrenched business interests would prefer the status quo,” the lawyer says. “We're in limbo until there's enough pressure to move the bills out of the attorney general's office and into Parliament.”

The IP laws are being crafted by the Ministry of Science and Technology (MOST) with input from both local and foreign experts, before ending up in the attorney general's office for review. Most high profile lawyers in Myanmar have been consulted in some form.

Most lawyers seem to believe that the IP laws will be introduced

as a package deal – as separate trademark, copyright, patent and design laws – rather than one-by-one, and tell *Asia IP* that it's virtually impossible to predict when the suite of IP laws will debut. While many say that the laws will likely be rolled out sometime in

The World Trade Organization (WTO) has already given Myanmar two extensions of time on its deadline to produce a trademark law, which was originally due in 1996. In June 2013, WTO members agreed to extend until July 1, 2021, the deadline for all least developed countries – including Myanmar – to protect intellectual property under the TRIPS agreement, with a further extension possible when the time comes. As a result, Redfearn notes, “the pressure on Myanmar to enact IP/trademark laws has significantly reduced.”

“



When it comes to absolute legal principals, it's really just the old common law principal of intent to use.

- Pedro Jose Fausto Bernardo, principal consulting attorney,
Kelvin Chia Yangon, Yangon

”

2015, Rouse partner and deputy CEO Nick Redfearn, writing in a January 13, 2015, client alert, says he believes that it is unlikely for the government or Parliament to make a push for the laws to pass before the 2015 general election. “It seems probable that no new trademark law will be enacted in 2015,” he wrote.

Very, very old is no hyperbole. Laws used in IP rights enforcement include the Copyright Act of 1911, the Merchandise Marks Act 1889, the Registration Act No. 16 of 1908, the Sea Customs Act No. 8 of 1878, the Code of Criminal Procedure (1898) and the Myanmar Penal Code of 1860. Newer laws do

Protecting Brands in Myanmar

The fact that Myanmar lacks modern IP laws doesn't mean that brands are without protection. “It doesn't mean there are no avenues to enforce IP rights,” says Michael Ramirez, a consultant at Tilleke & Gibbins in Yangon. “You can use common law laws. It's just that in Myanmar, those laws are very, very old.”

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“LawPlus has significant experience advising foreign companies on trademark registrations, patent applications, domain names and customs matters.”

The Legal 500, 2014

“Dynamic, proactive and astute LawPlus Ltd. is cementing its reputation as a high-quality provider of trademark services.”

WTR 1000, 2013

“LawPlus Ltd's IP practice is well regarded under the “hardworking and commercial” Kowit Somwaiya.”

The Legal 500, 2010/2011

“LawPlus is aggressively expanding its practice and is one to watch according to market observers, who have seen it, go up against industry heavyweight.”

The Managing Intellectual Property IP Handbook 2009

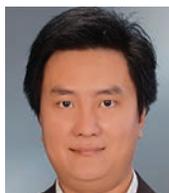
Unit 1401, 14th Fl., Abdulrahim Place, 990 Rama IV Road, Bangkok 10500, Thailand
Tel +66(0)2 636 0662 Fax +66(0)2 636 0663 Contact: kowit.somwaiya@lawplusltd.com

www.lawplusltd.com



exist, including the Motion Picture Law (1996) and the Television and Video Law, but these were implemented by the country's executive branch and are generally considered to be toothless.

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Shops selling counterfeits often don't even know they're selling counterfeit goods. They just assume they are selling low-grade, inexpensive goods from China as parallel imports, for example.

- Moe Mynn Thu, senior associate,
Rouse, Yangon

“Many of the substantive and procedural laws introduced by the British are still in force,” says Thein Aung, an advocate at Myanmar Trademark and Patent Law and secretary general of the Intellectual Property Proprietors' Association of Myanmar. British rule of Burma lasted from 1824 to 1948, first as a province of British India and later as an independently-administered colony.

At the moment, Myanmar has no IP office and no official search process (though at least one firm has developed a functional search system). Trademarks are not officially registered, though a system has been developed whereby trademarks are registered through the Ministry of Agriculture and Irrigation's Settlement and Land Records Department, which is the same office where mortgages are recorded.

Greif says the process involves a Declaration of Ownership of Trademark which declares that the mark is being used for specified types of goods which are being manufactured and distributed for sale, that the mark was created by the applicant, that the mark is not an imitation of another person's trademark and that the mark has not been used for any goods of the same type.

Registration takes approximately six weeks. Following registration, trademark owners typically publish notice of the registry in local newspapers. Infringement is punishable under the country's penal code.

“It's a standard process,” says Ramirez. “Not a *trademark* recordal process, but just a recordal process. You get a recordal number, and then publish that in local newspapers, because there is no official gazette. It's not mandatory, but you can use the process to put third parties or infringers on notice.”

Kyaw Moe Htet, a partner at U Nyunt Tin Associates International in Yangon, says that notices run in newspapers which publish in the local Myanmar language and in English,

though that has not always been the case. “Only foreigners and a few Myanmar people read English papers, but our target with the notices is local people, so in the early 2000s, we began to use local newspapers as well as the *Myanmar Times* to publish our clients' notices,” he says. “Local newspaper readership in Myanmar is quite high.”

U Nyunt Tin Associates has been collecting cautionary notices for more than 50 years, and has what may be the country's only trademark searching system. “We started to collect notices in 1959, and now have 70,000 notices in our database as a trademark search service,” Kyaw Moe Htet says. “My grandfather started to collect the newspapers, and my father, Min Tayza, built it into a database.” Min Tayza Nyunt Tin has recently left his family's firm to form MN Associates in Yangon.

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Renewal of the recordal is optional and typically done every three years, though when the new law comes into effect, this will most likely change.

Pedro Jose Fausto Bernardo, principal consulting attorney at Kelvin Chia Yangon, says that while “IP laws are effectively non-existent, in the modern sense,” foreign IP owners use this registration method to have “at least a veneer of protection.”

Superior Rights for First to Use

While registering and publishing a cautionary notice will put infringers and other people on notice that a particular trademark is owned by the party publishing the notice, court cases come down to use, says Bernardo. “When it comes to absolute legal principals, it's really just the old common law principal of intent to use,” he says. “First to use has superior rights in Myanmar. When international clients seek advice on prior use, we tell them they need to create a presence to show use in Myanmar.”

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We don't know what the law will be in the future. Negotiating a good agreement with any potential infringers is far better.

- Yuwadee Thean-ngarm, consultant,
Tilleke & Gibbins, Yangon

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Use is very important in Myanmar, says Ramirez. “If you have a mark with recordal in 1965, for example, but you don't use it and someone else does, the priority right is with the person who uses it. There is no examination process and no cancellation process. Courts can and will cancel a mark based on first use.”

Based on calculations from the U Nyunt Tin Associates trademark database, approximately 15% of trademarks in

Myanmar are owned by local people, with 85% owned by foreigners. “The awareness of intellectual property among local companies, too, are beginning to experience trademark infringement, which will also act to raise awareness of intellectual property in Myanmar.”

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Land prices are high, even in the countryside. The government could set aside the foreign investment zones and let the investors develop it themselves, as they already have the know-how, but the government has to open the door.

- Min Tayza Nyunt Tin, managing partner,
MN Associates, Yangon

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people is quite weak. This year, we will calculate again to see if local registration has increased,” says Kyaw Moe Htet.

Where awareness has been increasing, it has often been

because of news coverage of trademark disputes. Local companies, too, are beginning to experience trademark infringement, which will also act to raise awareness of intellectual property in Myanmar.

Khin Htwe Myint, a legal advisor at LawPlus Myanmar, says that most people in Myanmar are not aware of how to protect their brand. “There are few big companies in Myanmar. It’s mostly small and medium enterprises that need to be educated at the basic level, but even some of the big manufacturers don’t know how to protect their brands.”

The lack of brand protection is exacerbated by the small amount of goods for export from Myanmar. “Some local brands are exported to Thailand, Singapore and the Philippines, and the companies involved in export do tend to have a better understanding of brand protection,” says Khin Htwe Myint.

Moe Mynn Thu, a senior associate at Rouse in Yangon believes that with increased awareness, people in Myanmar who negligently use infringing goods will change their minds about infringing. “Shops selling counterfeits often don’t even know they’re selling counterfeit goods,” he says. “They



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Intellectual Property Department
Daniel Q. Greif, Head of IP and IT Practices
t: +66 2 646 1888 f: +66 2 646 1919
e: daniel@myanmarpremier.com
www.siampremier.com

Myanmar Premier International Law Office Limited
No.6 (A), 2nd Floor, Natmauk Road
(Kandawgyi Cycle Road)
Tamwe Township, Yangon, Myanmar

just assume they are selling low-grade, inexpensive goods from China as parallel imports, for example.” To prevent the selling of counterfeit goods in Myanmar, he says, brand owners should not only register their trademarks but also file an *ad hoc* application at Myanmar Customs, which is the new strategy.

More and more, Moe Mynn Thu says, people in Myanmar are gaining an understanding of trademarks, though he says their knowledge is often incomplete. “Some people do understand trademarks, but not the real nature of trademarks. They know a logo is a trademark, but they don’t understand that a trademark is more than a logo.”

The majority of people in Myanmar who use infringing goods don’t want to steal, maintains Min Tayza Nyunt Tin, managing partner at MN Associates, but do so because they lack sufficient income to buy authentic goods. “But even for those who can afford authentic goods, it’s been difficult to do so because of the sanctions placed on Myanmar in the recent past,” he says.

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Foreign investment is coming in in much larger numbers than just a year ago. Myanmar is a country with great potential.

- Minn Naing Oo, managing director
Allen & Gledhill (Yangon), Yangon

Brand owners have been eager to conduct workshops recently on brand awareness, he says, to emphasize the differences between authentic and counterfeit goods. “It’s important for people to understand what will happen if infringement continues. It will only benefit the infringers, and will harm the owner. If there’s no money, the owner’s business won’t survive, which will lead to no more ideas, and no more creations.”

Most infringement situations in Myanmar involve someone unrelated to a business infringing, probably knowingly. But other situations are more troubling, notes Ramirez. “There are numerous cases where Myanmar business partners have infringed a mark, through unauthorized distribution, for example. Through use, they become the effective brand owner, and you have to negotiate your way out of the situation.”

When infringing goods are discovered, most trademark owners tend to take a similar approach.

Typically, says Kyaw Moe Htet, trademark owners will first negotiate and ask the infringing party to stop. If that is successful, the IP owner will demand a deed of confession be signed with a promise to stop producing infringing products. If the other party continues to infringe, the aggrieved party can then sue under contract or civil procedure law.

“I always recommend clients not sue under criminal law,” he says. “Sure, you can raid, but you have to contact the police first, you still have to get the infringer’s signatures on the deed of confession, and then you’re not sure that the judge will punish them, anyway, and criminal fines tend to be small. It’s not often worth it.”

Kyaw Moe Htet says that many times, infringing products are found in small village shops, in small quantities. “High fines are less than US\$100, and if the infringer can’t pay – and they usually cannot – they’ll go to jail for a year or two, and it won’t solve the problem, because somebody else will start selling the goods.”

But civil procedure law has a specific relief act, which allows the court to grant an temporary injunction leading to a perpetual injunction against selling infringing goods, which is much stronger than the criminal law. The mark owner can also ask for compensation.

“In some areas, such as the unauthorized sale of grey market goods, a deed of confession is the only effective means of IP enforcement. Because grey market goods are genuine products, they cannot be stopped under either criminal or civil procedure laws, but if a deed of confession is signed, it will be effective at stopping infringers under either contract or civil procedure law,” says Kyaw Moe Htet.

Protecting IP in Myanmar has been a challenge, says Bernardo.

“You have to be practical. If the law says first use wins, you have to find a way to use it. For foreign investors, it’s often difficult to use the product legally, so you have to find a way. Maybe you sample the product. Or maybe you protect yourself through contractual provisions in distribution agreements, such as including a dispute clause that includes arbitration in Singapore, for example. Everybody is waiting for 2015.”

The New Trademark Law

Any discussion of Myanmar’s new trademark is fraught with uncertainty. While drafts of the proposed law have circulated widely among the legal community, nobody is exactly sure

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where the draft stands at the moment.

Late last year, for example, lawyers gave *Asia IP* widely varying predictions of important aspects of the forthcoming trademark law, such as the period for transition from the old system to the new system (we were told anywhere from six months to two years) and whether or not the trademark office will consider use and registrations from other countries to determine



With no dedicated IP office, trademarks are registered at the Registry of Deeds.

Myanmar's Legal System Matures Under Pressure from Foreign Firms

Myanmar's intellectual property legal market has changed dramatically in a very short period of time. Once the exclusive domain of local lawyers, foreign law firms are increasingly eyeing the country as an opportunity to expand their practices.

"For the longest time, only Kelvin Chia Yangon and DFDL were here," says Myint Lwin, an advocate and proprietor of U Myint Lwin Law Office in Yangon. "But now there are quite a lot of foreign firms."

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Lawyers were worthless under the strict military government," Myint Lwin says. "The Chamber of Commerce didn't appreciate my service at that time, for example. But now, legal ideas in business are very important.

- Myint Lwin, proprietor,

U Myint Lwin Law Office, Yangon

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Much of the drive for foreign law firms to enter the market is a result of decades of a languishing market during the country's period of military rule. "Lawyers were worthless under the strict military government," Myint Lwin says. "The Chamber of Commerce didn't appreciate my service at that time, for example. But now, legal ideas in business are very important."

For a period of time, the only real work lawyers did in Myanmar was criminal litigation and intellectual property rights registration. "There was not much trade during the military government, but multinational corporations are always interested in protecting their IP, including in Myanmar," says Minn Naing Oo, managing director at Allen & Gledhill (Myanmar) and a corporate and commercial lawyer. "While there weren't many foreign law firms during that period, a lot of local lawyers used to do a lot of IP work," he says.

Until recently, the country has had few corporate lawyers. One local lawyer told *Asia IP* that he believes eight of 10 lawyers in Myanmar don't speak English at a level which would allow them to work with foreign investors.

"Legal education is insufficient at the moment, from the short term required interning in chambers to the lack of a bar exam and the lack of any sort of continuing legal education (CLE) programme," says Min Tayza Nyunt Tin, managing partner at MN Associates.

Foreign law firms are also setting up shop at the request of their existing clients, who are increasingly setting up ventures in Myanmar. Dan Greif, a senior counsel at Bangkok-based Siam Premier International, says his firm's Yangon office, Myanmar Premier International, was driven in part by demand from Siam Premier clients in Thailand. Myanmar Premier International opened in 2013 with two local lawyers, and now has a large IP

team mainly as a result of demand for trademark prosecution and enforcement work for its international and Thai clients. "Many international firms are in Myanmar thanks to demand from their clients in Europe and the US. That's true for us, too, to some extent, but our business in Myanmar has also been driven by indigenous, local Southeast Asia and Thai clients."

There are some 40 foreign firms in Myanmar, mostly in Yangon, many with connections to Singapore, which shares a common law and British colonial history with Myanmar. "It's relatively easy for a Singapore lawyer to know Myanmar laws," says Kyaw Moe Htet, a partner at U Nyunt Tin Associates International in Yangon. "The difficulty for them is that all documents are in the Myanmar language."

Most foreign law firms are based in Yangon, Myanmar's commercial centre, though some have opened elsewhere, including DFDL in the capital city, Naypyidaw, and Kelvin Chia in the country's second-largest city, Mandalay.

The presence of foreign law firms does put extraordinary pressure on local law firms. Most local law firms pay US\$500-600 monthly for a partner, and US\$300-400 for an associate, while foreign law firms often offer US\$600-800 for an associate with good legal knowledge.

"Good associates are naturally drawn to foreign firms, and not to us," one local lawyer told *Asia IP*.

Additionally, when foreign firms open in Myanmar, local firms often lose the registration work they once did.

Foreign law firms also have the advantage of good internal training programmes, while local firms typically incur the expense of sending lawyers out for additional training. "We have to work harder against the foreign firms," the lawyer said. "But the competition is still unfair."

Thein Aung, an advocate at Myanmar Trademark and Patent Law and secretary general of the new Myanmar Intellectual Property Proprietors' Association (IPPAM), says professional organizations like the IPPAM are essential if the IP sector is to thrive. "From the beginning, we understood the need to create an IP association, not with government officials but with IP lawyers and the private sector," he says.

The IPPAM has already begun cooperation with IP associations in other countries, Thein Aung says. "IP goes hand-in-hand with rapid development. We believe the efforts of IPPAM will help raise awareness of intellectual property and encourage IP owners to protect their rights. We believe that Myanmar can have IP rights in line with the TRIPS Agreement."

While the entry of foreign law firms to Myanmar may place pressure on local lawyers, Myint Lwin says the foreign firms will help the country through its growing pains. "I welcome the foreign lawyers. Foreign clients like foreign lawyers, and many local lawyers are simply not ready," he says.

Besides, he says, foreign lawyers will always need local lawyers. "Local laws are only written in Burmese. Without me, foreign lawyers cannot easily understand the laws."

- Gregory Glass

who ultimately has rights to a mark, where the predictions ranged from yes to no to maybe.

Also unknown is whether the new law will provide for an IP gazette and, if it does, whether lawyers – especially foreign lawyers – will be able to obtain a copy. “Will it be online? Will it be bilingual? Will you have to have an official relationship with the IP office to get a copy? For foreign companies, getting information on publication of marks could be very difficult,” a foreign-registered lawyer laments.

That said, sources in Yangon say that it is likely the transition period will be only one year. “If the transition period is only one year, that makes it more important than ever that brand owners be ready now to register or re-register their marks under the new system,” says Greif.

It also seems likely at this point that the new trademark office will consider use and registrations from other countries when determining which entity has rights to a mark, but lawyers warn that this will be a complex process – where it occurs at all – and that the office will face challenges as to how to implement this concept.

Myanmar’s trademark system has evolved to include highly-descriptive trademarks, most of which would not have been registered under the best practices of better-developed trademark registration systems. “These marks may not be approved under the new law,” Greif says.

Skillful negotiation is important for investors who enter Myanmar before the new IP laws come into effect, says Yuwadee

Thean-ngarm, a Yangon-based consultant at Tilleke & Gibbins. “We don’t know what the law will be in the future. Negotiating a good agreement with any potential infringers is far better.”

Myanmar’s new IP laws are likely to draw on the IP laws of other ASEAN countries, as well as countries like Japan, but lawyers note that you can’t just “throw everything” into the new laws.

“The government has been receptive and cooperative in drafting the law, but there’s a paucity of real, recognized experts in the country with familiarity with IP laws who could draft the law themselves,” says Ramirez. “We expect even after the law is passed that it will continue to evolve. In the legal community, regardless of whether we’re competitors or partners, we’re all here learning together. It’s a very collaborative atmosphere.”

Will New Laws Bring New Investors?

While the lack of a modern IP regime may keep some foreign companies from making investments in Myanmar, it’s not necessarily the most important factor driving investment decisions.

“Investors who view Myanmar as a long-term investment are not dissuaded by the lack of a fully developed IP regime,” says Ramirez. “It’s certainly an issue that needs to be addressed, but it is not the determining factor for most of our clients in making that decision to enter the marketplace. The decisions tend to be made on a number of things.”

Minn Naing Oo, managing director at Allen & Gledhill (Yangon)

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Founded in 1994, U MYINT LWIN LAW OFFICE has a well established reputation in the area of Intellectual Property Law. The firm has extensive experience in providing highly efficient services to domestic and international clients in obtaining, and maintaining intellectual property applications and registrations in Myanmar.



No. 162, First Floor, 35th Street,
Kyauktada Township, Yangon, 11182, P.O.Box 1126
Tel: 95-1-372712, Fax : 95-1-371990, 95-1-296848
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and a partner at Allen & Gledhill in Singapore, a corporate and commercial lawyer, says that while Asian investors have been quick to come to Myanmar, while investors from the US and the European Union have been a bit slower. "Investors from the US and the EU are waiting to see if the changes to the government and the legal system stick, and for the results of the 2015 election. If things go smoothly, there will be more investors from Europe and the US."

The two-year-old law governing foreign investment has been very good at providing incentives and creating a favourable environment for investment, he says. The law provides better opportunities for securing land for investment use, with leases of up to 50 years possible, with up to two 10-year extensions. "The law now gives you the possibility of a long lease," he says.

Under the prior law, foreigners were permitted to lease land for only one year.

With Myanmar's large workforce, there is the possibility that some of the manufacturing work leaving China will find its way here, but high land prices and lack of adequate infrastructure in many parts of the country make Myanmar less attractive than many of its neighbours. "Even with the 50+10+10 land lease rules, the question is, where will you find land?" asks Min Tayza Nyunt Tin. "Land prices are high, even in the countryside. The government should develop foreign investment zones. Or better yet, the government could set aside the foreign investment zones and let the investors develop it themselves, as they already have the know-how, but the government has to open the door."

Investors can count themselves fortunate that many aspects of doing business in Myanmar have improved dramatically from the recent past, says Myint Lwin, advocate at U Myint Lwin Law Office and a vice president of the Myanmar Intellectual Property Proprietors' Association. "In the past, conducting simple business matters was difficult," he says. "In 1989, for example, you had to make a reservation to make an international phone call. Say you had an 8 am reservation to call Thailand. Maybe you finally got to make the call at 2 pm. It's totally different today."

Internet connections, however, remain woefully slow. (Hackers replaced two government emblems on the website of Myanmar's Ministry of Communications with images of turtles in July.) WiFi is the norm in hotels and international businesses are wired as well, but capacity in the fibre optic cables connecting Myanmar with the rest of the world is inadequate.

A lack of mature government ministries also hinders foreign investment, Myint Lwin says. "Government ministries need training and information. It can be a challenge to simply navigate the government ministries," he says. "When you come to Myanmar as a foreign investor, you can't expect the country to be like a supermarket. You have to approach it like a hunter. You have to hunt and fish for yourself."

Even with continuing challenges for investors, both foreign and domestic, the outlook is rosy for Myanmar. "We are very busy," says Minn Naing Oo. "Foreign investment is coming in in much larger numbers than just a year ago. Myanmar is a country with great potential. It just makes sense for us to be here." **AIP**

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Bangkok Office-50/23 Panasin Place, 24/3 Ramkanhaeng Road,
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Intellectual Property Rights in the New Frontier Economy

Often referred to as Asia's last frontier, Myanmar is considered as one of the region's most promising frontier economies. **Celeste Marie R. Cruz** examines how each step Myanmar takes towards sustainable economic development and political stability will help it realize its potential.

Referred to as "Asia's last frontier," Myanmar is considered as one of the most promising frontier economies since it transitioned from military rule to democratic governance a few years back. With its natural resources and strategic geographical location, it is poised to reclaim its lost post as a trade centre in Asia with a hope to become one of its most dynamic economies. The World Bank and the Asian Development Bank are one in finding that Myanmar's economy is enjoying a historic high percentage of growth caused by the influx of local and foreign investments since its economy opened up. For the fiscal year 2013-2014 alone, Myanmar experienced an 8 percent economic growth driven by construction, manufacturing and services. However, as ADB noted, Myanmar can only sustain this performance through "continued reform momentum, the strengthening of institutions and capacities, and concerted efforts to improve infrastructure and service delivery." However, as with most transitioning and least-developed states, maintaining a steady, well-paced growth is as tricky as the initial step of triggering a development.

After decades of absconding from its obligations under international obligations during the military regime, Myanmar's "reformation since 2010 have paved the way to its reintegration to the international community," according to the World Trade Organization, in a Trade Policy Review paper on Myanmar. The reintegration has so far been beneficial to Myanmar in two ways. First, it spurs support from international organizations and various nations, and thus supplying Myanmar with the needed assistance

in structuring the country's domestic policies and other reforms. Second, Myanmar's increasing visibility in the international arena promotes a global awareness of the country's emergence from socio-political and economic isolation, thereby, attracting more investors and other stakeholders to tap into Myanmar's strong potential as new frontier economy.

In 2011, Myanmar introduced various political and economic reform programmes not only to participate in and comply with treaty obligations and international best practices but also to cope with the changing needs brought about by its transition from a centrally directed to a market-oriented economy. Myanmar's reform programmes cover a wide range of governance and development concerns from constitutional rights to economic investments, including the recognition and enforcement of intellectual property rights, whether in the form of patents, trademarks, copyright, or industrial designs. IPRs, called "one of the engines that influences and drives the national economy" by Shwe Zin Ko, a staff officer in the Ministry of Commerce's Directorate of Trade in a 2012 issue of the Law Society of Singapore's *Law Gazette*, are a pivotal international issue affecting various industries and technology-driven sectors, and even influencing capital investments per se. The relevance of IPRs in Myanmar's rapidly growing economy — from its blossoming *thanaka* business to the spur of foreign investments and MNC franchises — cannot be more apparent. Hence, the Myanmar government now gives priority to stronger IPR protection, considering it a catalyst for economic growth, not only by creating a promising environment for foreign investment

and technology diffusion, but also by encouraging domestic innovation and creativity.

Myanmar's Role in the International IP Community

Myanmar's aim to establish a locally-apt yet globally-cooperative IP system may be driven by its current macroeconomic reforms, but it is also long overdue for compliance with its international obligations. Myanmar is actually an original member of the

the World Intellectual Property Organization (WIPO). By virtue of its memberships in both the WTO and the ASEAN, Myanmar is therefore expected to comply with the Agreement of Trade Related Aspects of the Intellectual Property Rights (TRIPS) supposedly as early as 2001. The country is also covered by the ASEAN Framework Agreement on Intellectual Property Cooperation, together with the ASEAN IPR Action Plan 2011-2015.

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Myanmar's aim to establish a locally-apt yet globally-cooperative IP system may be driven by macroeconomic reforms.

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In a nutshell, TRIPS forms part of the WTO Agreement in line with the goal of promoting sufficient protection of IPRs without unreasonably restricting legitimate trade. TRIPS introduces *de minimis* standards of IP protection, as well as provisions on domestic procedures and remedies for the enforcement of such rights, along with provisions on dispute settlement and technology transfer and cooperation. To reinforce the implementation of the TRIPS, the WTO and WIPO further agreed to cooperate in three main areas of concern, namely:

General Agreement on Tariffs and Trade (GATT), and is a founding member of the World Trade Organization. Myanmar joined the Association of South East Asian Nations (ASEAN) as a full-fledged member and commenced its participation in the ASEAN Working Group on Intellectual Property Cooperation (AWGIPC) in 1997. By January 2001, Myanmar acceded to

“(i) notification of, access to and translation of national laws and regulations; (ii) implementation of procedures for the protection of national emblems; and (iii) technical co-operation” by 1996.

The ASEAN Framework Agreement on Intellectual Property Cooperation, on the other hand, articulates the six objectives for cooperation and coordination on IP matters among the

Level 8A, Union Financial Centre (UFC)
Corner of Mahabandoola Road and Thein Phyu Road, 45th Street
Botataung Township, Yangon, Republic of the Union of Myanmar

Tel : (951) 8610348
Fax : (951) 8610349
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KCY is the firm of choice for those seeking to navigate the fast-changing legal and regulatory landscape in Myanmar, where we have gained significant legal, regulatory and practical experience and expertise across all areas of commercial practice, including the multi-faceted and often overlapping legal and business issues involved in intellectual property rights and portfolios. We have advised and acted on behalf of marquee international clients and significant Myanmar businesses for their legal and regulatory requirements. The scope of our intellectual property work, in particular, covers registration and commercialization of trademarks and industrial designs, assistance with IPR contentious matters, and legal audit and review of corporate IP portfolios that may include trademarks, patents, copyright and industrial designs. Consistent with our signature brand of client-focused, solution-driven legal service, we have also advised individual and corporate clients on IP legal and commercial issues in light of the fast-developing IPR system in Myanmar. We are always committed to adding value to our clients' businesses by helping them achieve their commercial goals.

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member states, with special reference to the principles laid down in TRIPS. These objectives are concretized in the ASEAN IPR Action Plan 2004-2010/2011-2015, which serves as a blueprint for the undertakings of AWGIPC. As in the case with the WTO, WIPO also coordinates with the ASEAN and renders support to ASEAN Member States in devising their national IP strategies and policies.

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Recognizing the need for more foreign capital and technology, Myanmar adopted measures to strengthen its IP system.

With the common call for domestic protection of IPRs, signatories of these agreements, such as Myanmar, are expected to issue responsive IP legislation. However, since becoming a member of both the WTO and the ASEAN, Myanmar still lacks a domestic law on the issue, such that IP rights in the country are almost nonexistent save for reference to common law principles and scattered IP-related provisions in its century-old civil and criminal laws. This notwithstanding, Myanmar's recent transitions, and along with its long-standing duty to conform with TRIPS provisions by the extended deadline of July 1, 2021, has urged the country to finally revamp its IPR system as part of its ongoing reforms in its macroeconomic policies. With its revived commitment to be globally connected, Myanmar is preparing IP legislation in conformance to the goals of the WTO, WIPO and ASEAN.

The Development of Myanmar's IP System

Conscious of the fact that the absence of a treaty-compliant IPR legislation is disincentive to foreign direct investment and local innovations alike, Myanmar has prioritized the creation and implementation of a strengthened IPR regime. Hence, under Myanmar's existing Constitutional Law, enacted in 2008 and awaiting promulgation by the Union Parliament, IPR is guaranteed as a Constitutional right. It secures the citizens' right to patent and the right to private invention and patent in the conduct of business in accordance with law as provided under its Fundamental Principles and the Fundamental Rights and Obligations of the Citizens, respectively. More explicitly, IPRs such as copyright, patent, trademark, and industrial design are explicitly guaranteed under the Union Legislative Lists.

Recognizing the need for more foreign capital and technology to improve Myanmar's business climate and achieve sustainable development, Myanmar adopted further measures to strengthen its IP system. Together with the promulgation of a new Foreign Investment Law in 2012, Myanmar continues with the preparation of comprehensive and specific IP Laws that are both responsive to its domestic needs while matching WTO standards as provided

in TRIPS.

Aware of its difficult goals and limited capacity to achieve it, Myanmar has requested the support of the international community in this endeavour, which is now providing technical assistance in the drafting of the IP laws and public awareness campaigns about IPRs. WIPO is spearheading the effort on IP legislation, nominating Myanmar's Ministry of Science and Technology (MOST) as the lead agency for drafting the IP Laws using the WIPO Model Law and the IP Laws of developed countries as templates. WIPO's support in this endeavour is extensive such that WIPO's Director-General visited Myanmar to discuss new areas of IP cooperation in November 2012. While WIPO plays a vital role in providing "better focused, quantifiable, and realistic development aid in the building and modernization" of Myanmar's IP regime, write Joel Angkar and Chris O'Hara of the Institute for Security and

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Development Policy in a 2013 story on IP rights in *The Irrawaddy* magazine, other intergovernmental organizations and countries also currently extend relevant technical support to Myanmar. The United States Patent and Trademark Office (USPTO) and the Japan Patent Office, as well as the AWGIPC and even the Japan International Cooperation Agency (JICA) and the Asian Patent Attorneys Association (APAA), are among them.

Moe Moe Thwe, deputy director of the MOST's IP Section, told a United Nations Conference on Trade and Development Meeting in December 2014 that with constant consultation with WIPO and other foreign supporters, Myanmar's government ministries and its Supreme Court, as well as NGOs such as the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and private law firms, MOST submitted the 11th draft of the IP laws in English and Myanmar versions to the Union Attorney-General Office for review in June 2014. The most recent draft of IP laws constitute four components, namely, Trademark Law, Patent Law, Industrial Design Law and Copyright Law. Consistent with the TRIPS and ASEAN

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Legislation is only the first step in reforming Myanmar's IP system.

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objectives, it also provides for the establishment of Intellectual Property Office of Myanmar (IPOM), which will most likely be composed of four main departments, namely Policy and Strategic Planning Department, IP Department, Education and Awareness Department, Financial and Administrative Department. One of the notable changes under the proposed legislation refers to Myanmar trademark protection's shift from the first-to-use system to the predominantly-observed first-to-file system. Considering that trademark is the most common form of IPR in Myanmar, the shift can potentially increase the certainty of acquisition and enforcement of trademark rights in the country.

While the 11th draft of IP laws was originally intended to be passed by the Union Attorney-General Office and the Parliament by the end of 2014, it is still under review as of writing. While there is an urgent need to establish an IPR framework, the delay is predominantly considered as a positive step in ensuring that Myanmar's first comprehensive IP laws strike a good balance between the shared-yet-conflicting interests of foreign investors and international community on one side, and of the domestic players and country development on the other. Given the difficult steps that must be taken in IP protection, Myanmar is prudently taking advantage of the extended time granted by the WTO to least-developed countries to comply with TRIPS in order to industrialize and develop. Additionally, Myanmar's existing IP system, while archaic, can still provide reasonable protection particularly in light of the transitional provisions of the upcoming



Celeste Marie R Cruz is a foreign legal advisor at Kelvin Chia Partnership (Singapore). She handles regional legal work with focus on intellectual property issues, corporate transactions, and commercial litigation. She is a member of the Philippine Bar since 2008 and has an A.B. in management-economics (with honours) and a J.D. (with honours) from the *Ateneo de Manila University*, Philippines. She obtained her Master of Laws (with honours) specializing in international law and development from the New York University School of Law, where she was also a recipient of the prestigious merit-based Hauser Global Scholarship and a graduate editor of the NYU Law Journal of International Law and Politics. Prior to joining KCP, she has had six years of relevant work experience in private legal practice and government relations in the Philippines, the United States and Cambodia.



Just last year, Myanmar took the rotating chair of ASEAN for the first time after joining 17 years ago.

IP laws. For instance, with the shift to first-to-register trademark system, it is advisable for current trademarks to be registered under the current system of registration through submission of Declaration of Ownership, publication of Cautionary Notice, including the oft-observed re-registration/re-publication every three years. This is relevant considering that under the transitory provision of the proposed Trademark Law, while trademark holders must still re-register their marks when the new Law takes effect, those marks registered under the old trademark regime will enjoy priority under the new law. Hence, considering the expected disputes with conflicting applicants in a changed system, the priority right can be an added layer of protection to the old regime registrants later on.

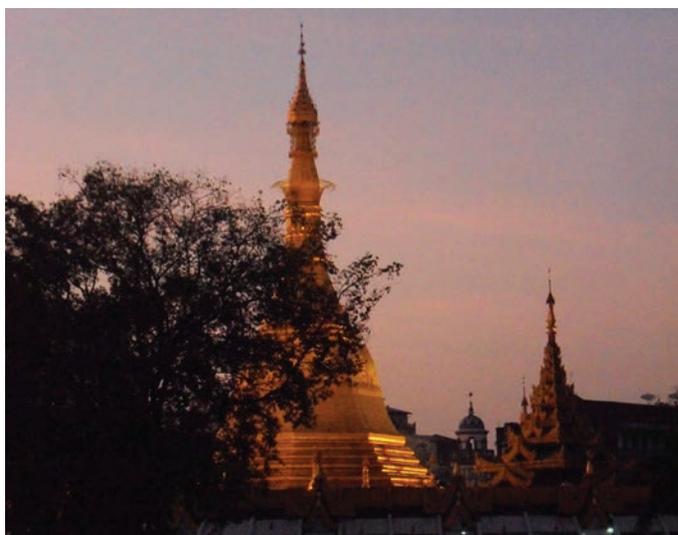
Of course, the legislation of comprehensive IP laws is

only the first, albeit important, step in reforming Myanmar's IP system. The implementation of the provisions and enforcement of the IPRs are equally vital concerns that require strong political willpower, well-abled institutions, and informed public participation. It is good to note that Myanmar and its supporters are simultaneously working on these aspects. WIPO and APAA, for instance, have been conducting training of chosen employees in preparation for the establishment of



the IPOM. Many foreign public and private organizations are likewise conducting public information campaigns to create an IPR-conscious culture in the country. Just recently, UMFCCI launched the Intellectual Property Proprietors' Association of Myanmar (IPPAM) prior to the passage of the IP law to serve as an additional venue to promote IPRs in the country.

As Myanmar continues with its reforms reconnecting with the globe either to comply with its treaty obligations or to garner technical support and investments, it also earns Myanmar a renewed standing in the international community. Just last year, Myanmar took the rotating chair of ASEAN for the first time after joining ASEAN 17 years ago. With its socio-economic and political reforms, each difficult-yet-laudable step Myanmar takes towards sustainable economic development and political stability will only help it realize its potential as the new, perhaps last, frontier economy of Asia. **AIP**



Kelvin Chia Yangon Ltd

Level 8A, Union Financial Centre (UFC)
Corner of Mahabandoola Road and Thein
Phyu Road, 45th Street
Botahtaung Township, Yangon
Myanmar
T: +95 1 8610348
E: csg@kcyangon.com
W: www.kcyangon.com

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13th Floor, 27, Sec. 3, Chung San N. Road, Taipei, Taiwan

Telephone: 886-2-25856688

Fax: 886-2-25989900/25978989

E-mail: email@deepnfar.com.tw

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The Imitation Game



Nowadays, many non-practicing entities claim to be the inventors of their patents when they actually are not. Patent lawyers in Japan, South Korea and the United States tell **Johnny Chan** about the history, issues and solutions of NPEs.

Non-practicing entities – NPEs – consistently file patent-infringement lawsuits in federal courts located in the United States. According to the 2013 NPE Litigation Report from

patent-infringement lawsuits, accounting for over half of such actions filed in the country in that year.

NPEs are believed to have first entered the legal conscience in the US in the mid-to-late 1990s. The term “patent shark” was used by Thomas Edison in 1898 to refer to NPEs, but even Edison has been accused of having been an NPE, says Christopher Rourke, a partner at Jackson Walker in Dallas. “One of the earlier ‘modern’ NPEs was Jerome Lemelson, who filed a patent application in the 1950s that resulted in patents that were asserted against hundreds of companies many decades later.”

The Report shows that the number of lawsuits filed by NPEs increased each year from 2009 through 2013, rising from 640 lawsuits in 2009 to 3,608 in 2013, an increase of 464%.

“The increase in recent years has been attributable, in part, to the America Invents Act (AIA), enacted in 2011, which requires NPEs to bring separate lawsuits against individual defendants, as opposed to suing multiple distinct parties

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The increase in NPEs in recent years has been attributable, in part, to the America Invents Act, which requires NPEs to bring separate lawsuits against individual defendants, as opposed to suing multiple parties in the same litigation.

- Barton Rankin, partner,
Baker & McKenzie, Dallas

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RPX, a patent risk management provider, NPEs filed over 3,600 in the same litigation,” says Barton Rankin, a partner at Baker &

McKenzie in Dallas. “But regardless of the reason for the number of suits filed, studies have shown that hundreds of millions of dollars, if not more, have been spent defending against those disputes during the same time period. As a result, courts and the Congress have placed an emphasis on trying to reign in these types of filings, which are in many instances without merit.”

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Patents [owned by NPEs] are usually strong, so attorneys would be attracted to take the case and work on contingency basis.

- Michael Chen, patent attorney,

Law Office of Michael Chen, City of Industry, California

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To gain an upper hand, NPEs usually attempt to increase defence costs to the point that it is cheaper for the defendant to settle. “This is accomplished in some instances by accusing multiple products of infringing a large number of patents and/or patent claims,” Rankin says. “NPEs then typically serve hundreds of document requests, seek millions of pages of documents and e-mails, many of which have no bearing on the claims and defences at issue. Because the federal rules that govern discovery are liberally applied, although not without limits, NPEs are sometimes successful in increasing the costs and discovery burdens placed on their opponents.”

Moreover, NPEs would seek to depose multiple witnesses in an effort to further inconvenience the defendants as much as possible, all with an eye towards increasing the cost of defence such that the accused infringer is more inclined to settle the matter, Rankin says. “In other words, it is the NPEs’ goal to present defendants with the dilemma of spending millions to defend against the infringement allegations while still facing the uncertainty of a jury trial or reaching a cost-of-defence settlement with the NPEs.”

NPEs are not interested in trying cases – they are, instead, interested in settling early for smaller amounts of money that would not justify the costs of litigation. “These are often referred to as ‘nuisance value’ settlements. Such cases are also typically handled by counsel on a contingent fee basis, which also creates an incentive for counsel to settle early,” Rourk says. “In many cases, that is the only ‘traction,’ i.e. the fact that the cost of taking a matter to trial and winning will be much greater than the cost to settle the matter early in the litigation.”

NPEs usually negotiate a contingency deal with the attorneys so they don’t have to worry about the legal fees, says Michael Chen, a patent attorney at the Law Office of Michael Chen in City of Industry, California. “Their patents are usually strong so the attorneys would be attracted to take the case and work on contingency basis.”

Even if the NPEs lose in court, it is not much of a financial burden to them, as they do not manufacture products, says Myung-Shin Kim, managing partner at Myung-Shin & Partners in Seoul. “Under these situations, they would try to seek legal weak points of their opponents.”

Texas Jury Orders Apple to Pay US\$530 Million to NPE

A federal jury in Texas has ordered Apple to pay US\$532.9 million after it found that the company had willfully infringed on patents owned by a Texas patent licensing company and used by Apple in its iTunes software.

Smartflash owns patents that cover methods of managing digital rights and paying for songs, games and other data. The jury determined Apple infringed on three Smartflash patents.

The Texas company had alleged that one of the inventors of the patents discussed the data management technology in 2000 with Augustin Farrugia, who later became a senior director at Apple.

An Apple spokesperson says the company will appeal the verdict. “Smartflash makes no products, has no employees, creates no jobs, has no US presence, and is exploiting our patent system to seek royalties for technology Apple invented,” said Kristin Huguette, an Apple spokeswoman. “We refused to pay off this company for the ideas our employees spent years innovating and unfortunately we have been left with no choice but to take

this fight up through the court system.”

This case is unlike some earlier cases in which large verdicts were vacated on appeal, because the court in this case excluded some of the damage expert’s testimony under the “entire market value” rule, where the measure of damages is based on the entire market value of the accused infringing products. “In those earlier cases, the damages were based on the entire market value of the accused infringing products, but the Federal Circuit disagreed that there was any evidence that the relatively minor patented features in those cases were responsible for driving the sales of the products, which resulted in those earlier verdicts being vacated,” says Christopher Rourk, a partner at Jackson Walker in Dallas. “In this case, at least some of that evidence was excluded, although it is possible that it was improperly included in some other form, or that other legal or factual errors are present that could result in the damages in this case being vacated on appeal.”

- Johnny Chan

Targets of NPEs

NPEs will typically select companies with significant revenues as targets.

“The number of patents issued in relation to a type of product

(such as computers, cell phones, televisions) also has a bearing on the odds of such patents being asserted by an NPE, as large corporations often sell such patents, which can then be asserted against their competitors or other companies in that technology space,” Rourk says. “Solo inventors or start-up companies will also make products or services that are associated with such products, and the patent assets of a start-up company might be acquired out of bankruptcy by an NPE, or the start-up company might become an NPE.”

ArrivalStar – one of the most active NPEs – and others are even using patents on web-based applications to broaden the target companies to include non-traditional targets such as

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NPEs have not been recognized as an issue in Japan.

- Aki Ryuka, president,
Ryuka IP, Tokyo

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NPEs Are Not All Evil

Most conversations about non-practicing entities deem NPEs as nefarious, but NPEs often provide advantages for patent owners.

“Look at the advantages of NPEs and find your weaknesses,” says Sungpil Hwang, a patent and trademark attorney at EM Hwang & Partners IP Law Firm in Seoul.

have turned to foreign NPEs as licensing partners, transferring licensing and patent rights to these entities in order to extract additional value from their ever expanding patent portfolios.”

In fact, NPEs are an essential cog in the technology life cycle today, says Chid Iyer, a partner at Sughrue Mion in Washington. “For example, innovators are not necessarily equipped to take

their research through the steps of prototyping, productizing, fabricating, manufacturing and marketing. Because of widely varying skill sets, innovators are often ill-suited for the rest of the product cycle. We all have experienced cases where the innovators float companies and go through the initial steps and one of the first things that happen when they get in venture capitalists on board is that they turn around and fire the innovator or founder of the company.”

Besides, from a utilitarian standpoint, it is better for innovators to stick to innovating and leave the rest of the cycle to experts in those areas. “For medium-to-large companies, this does not pose a problem but for individual inventors and universities, this poses a problem,” Iyer says. “NPEs perform this useful role of acquiring the products (patents) and

find support for the rest of the life cycle of the technology. The innovators on the other hand can simply sell their innovations and move on to the next innovations.”

Some NPEs have grown large enough to perform auxiliary services such as invention development and research, so the vilification of NPEs by large corporations is counterproductive, Iyer adds. “I cannot believe that some of the large corporations in the IT sector, many of whom started off as individual innovators working in their basement, are at the forefront of this vilification.”

- Johnny Chan

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I cannot believe that some of the large corporations in the IT sector, many of whom started off as individual innovators working in their basement, are at the forefront of this vilification.

- Chid Iyer, partner,
Sughrue Mion, Washington

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Some Japanese companies are even looking for “licensing partners” in an effort to monetize their large patent portfolios. “Historically, Japanese companies built large patent portfolios in order to protect their market shares, defend themselves from lawsuits, and enable cross-licensing opportunities. While this is still true today, Japanese companies are becoming more sensitive to the return on investment from these patent portfolios, so they begin looking for more strategic patent filing and are finding methods of monetizing their preexisting patent portfolio,” says Kenji Sugimura, president at Sugimura International Patent & Trademark Attorneys in Tokyo. “Several Japanese companies

companies selling online or using web-based tools, says Richard Kelly, senior partner at Oblon, McClelland, Maier & Neustadt in Alexandria, Virginia.

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A significant number of companies began developing technology around the internet and communication standards in the 1990s. When these companies went under when the internet bubble burst, the patents were acquired by NPEs.

- Richard Kelly, senior partner,
Oblon, McClelland, Maier & Neustadt, Alexandria, Virginia

The setting of interoperability gave NPEs a big boost. “A significant number of companies began developing technology around the internet and communication standards such as Wi-Fi and cell phone transmissions in the 1990s,” Kelly says. “When these companies went under when the internet bubble burst, the patents were acquired by companies like Acacia and Linex.”

The most noticeable NPEs were those asserting standard essential patents (SEPs), says Kan Otani, a patent attorney at Ohno & Partners in Tokyo. “Large enterprises in the electronics industry have been targeted since many products are inevitably involved with standards.”

“The companies that can’t stop making their products using patents are the exact target,” says Sungpil Hwang, a patent and trademark attorney at EM Hwang & Partners IP Law Firm in Seoul.

NPEs in Asia

While NPEs are hot issues in the West, they are not that prevalent in Asia.

In March, 2009, the Japan Patent Office conducted a study on the perception of NPEs in Japan from the perspective of various Japanese industries. While 85% of corporate respondents saw NPEs as an obstacle to industry development, only 33.6% of corporate respondents thought that NPEs were a problem and only 6% of corporate respondents had been involved in a lawsuit, says Kenji Sugimura, president at Sugimura International Patent & Trademark Attorneys in Tokyo.

NPEs have not been recognized as an issue yet in Japan, says Aki Ryuka, president at Ryuka IP in Tokyo.

The number of patent infringement lawsuits is fewer than 200 per year in Japan, says Masakazu Takahashi, a patent and trademark attorney at T.Takahashi Patent Office in Tokyo.

“ADC v. NTT Docomo is probably the only famous NPE case here, [and it] happened more than a decade ago. The ADC is a patent holding company founded by a patent attorney in Japan, and the NTT Docomo is one of the biggest national mobile communications company. In 2000, a patent application was assigned to the ADC and after the grant of the patent in 2003, the ADC warned NTT for patent infringement. The NTT then brought the action for declaratory judgment of non-existence of infringement to the Tokyo District Court and filed an opposition against the patent at JPO. The ADC lost at the Court and the patent was cancelled by JPO.”

The size of the damages awarded by Japanese courts is also much smaller (typically, only a normal license fee is awarded if the plaintiff doesn’t practice the patent) than those awarded by the US courts, says Takahashi.

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Treble damages, entire market value rules, and attorney fees are unavailable, says Rebecca Chen, a foreign counsel liaison at Sugimura International Patent & Trademark Attorneys in Palo Alto, California. “In Japan, a successful party to litigation cannot obtain attorney costs from the losing party. The winning party is only able to obtain court costs. Additionally, damage awards are limited to reasonable royalties or lost profits. These restrictions to the Japanese court system create greater predictability for defendants and limit the amounts sought by NPEs.”

Japan also has a very limited discovery process compared to the US. “A party must make a request for a limited document production order with the judge. Should the judge agree, he or she will issue the order and the opposing party, or a third party, will be required to produce the documents,” Chen adds. “In

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A 2009 study by the Japan Patent Office showed that only 6% of corporate responders had been involved in an NPE lawsuit in Japan.

- Kenji Sugimura, president,
Sugimura International Patent & Trademark Attorneys, Tokyo

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practice, judges urge the parties to submit relevant documents voluntarily and document production orders are very limited in scope.”

Japanese companies therefore encounter NPEs more often in the US, says Kei Matsumoto, a partner at Baker & McKenzie in Tokyo.

The same applies to Korean companies, Kim says. “In general, NPEs in the US tried to attack Korean companies having

considerable shares in the US market because the impact would be very large if they won.”

Domestically, the Korean Intellectual Property Office has mentioned the danger of NPEs as the number of patent litigation has been gradually growing for the past 20 years in Korea. “The

attracts NPEs to engage in such activities. Furthermore, since Korea’s local IT industry has not developed much of source technology, licensing is required. Thus, financial damage is more severely applied to the SMEs.”

KIPO has been trying to come up with appropriate measures to counter NPEs since 2012, Oh says. “In fact, KIPO recently announced its attempt to protect domestic companies by test-running a protective IP litigation insurance, which has been in practice since December 2014.”

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In general, NPEs in the US tried to attack Korean companies having considerable shares in the US market because the impact would be very large if they won.

- Myung-Shin Kim, managing partner,
Myung-Shin & Partners, Seoul

The Judicial Systems

According to the RPX report, the top five American districts in terms of the number of NPE lawsuits filed for 2013 are the Eastern District of Texas, with 1,359 lawsuits; the District of Delaware, with 1,052 lawsuits; the Southern District of Florida, with 140 lawsuits; the Central District of California, with 130 lawsuits; and the Northern District of Illinois, with 114 lawsuits.

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The Eastern District of Texas is the most popular because of its tendency of not transferring cases, and a perception that it is patent-friendly and grants large awards, Kelly says. “Delaware is simply because of the AIA and because so many companies are incorporated [in that state], making it easier to sue many companies in Delaware.”

While forum shopping is prevalent, judge shopping is difficult because cases are assigned at random, adds Kelly.

number of cases filed by NPEs in 2008 was 48, 159 cases in 2012 and 215 cases in 2013. This increase indicates the prevalence of NPEs and their potential danger to not only large companies but also local SMEs,” says Steve Oh, managing partner at Inventus in Seoul. “Currently, more than half of the Korean companies that have lawsuits filed against them from NPEs are SMEs. Such litigation produces a large amount of profit, which consequently

Are There Trademark NPEs, Too?

Non-practicing entities are best-known for their enforcement of patent. Are there also NPEs which concentrate on trademarks? The answer is yes, but, fortunately, there are not that many, in the US at least.

“I have not come across the issue of trademark NPEs in the US because of the ‘first in use, first in right’ rule in relation to trademarks,” says Sunisha Choksi, managing attorney at the Law Office of Sunisha S Choksi in Houston. “More often, it is the case of an NPE attempting to file or register a client’s trademark overseas. I also see issues related to companies that solely register domain names that include or incorporate a federally registered trademark or service mark.”

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I have not come across the issue of trademark NPEs in the US because of the ‘first in use, first in right’ rule in relation to trademarks. More often, it is the case of a NPE attempting to file or register a client’s trademark overseas.

- Sunisha Choksi, managing attorney,
Law Office of Sunisha S Choksi, Houston

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- Johnny Chan

"I practice in the Eastern District of Texas, which has a large number of patent cases, both involving NPEs and practicing entities," Rourk says. "In the Eastern District of Texas, the

to the case are located in the jurisdiction chosen by the NPE, the defendant could transfer the lawsuit to a venue that is more convenient," Rankin says. "The Federal Circuit has further issued opinions that require district courts to rule on motions to transfer venue early in the litigation, as opposed to deferring the ruling to later in the case at which point any transfer would have lost its value. Thus, an NPE's ability to forum shop has been diminished in recent years."

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In Japan, a successful party to litigation cannot obtain attorney costs from the losing party. Damage awards are limited to reasonable royalties or lost profits. These restrictions court system create greater predictability for defendants and limit the amounts sought by NPEs.

- Rebecca Chen, foreign counsel liaison,
Sugimura International Patent & Trademark Attorneys,
Palo Alto, California

number of patent cases grew from 14 filed in 2003 to well over 1,000 in 2014, and it was only within the past 10 years or so that NPE patent litigation has become more of a risk for the average company."

NPEs often file in jurisdictions that will allow them to get an early trial setting, Rourk says. "If a defendant can be forced to prepare for trial in a short period of time, it might then be more inclined to settle the case instead because the cost of settlement may be less than the costs to litigate the case. NPEs would try to file in jurisdictions that have a reputation for not considering dispositive motions early in the case and/or that are not known for granting dispositive motions."

NPEs will consider the time to trial in the district, whether those districts have historically rendered favourable verdicts to them, and the legal precedent from judges within a district regarding rulings on discovery disputes, Rankin says. "NPEs also consider whether they will be able to keep a lawsuit within the chosen district, as opposed to it being transferred based on convenience factors, which has become more frequent in recent years."

While NPEs still seek to file in the jurisdictions they deem favourable, the US Court of Appeals for the Federal Circuit has issued numerous opinions in recent years designed to prevent courts from hearing cases over which they have no connections. "For example, if no parties, witnesses, or documents relevant

means no exclusive jurisdiction for patent litigation, says Hwang.

In fact, there is no jury system generally in the country, but the judge of a court may decide to invite a Korean-style jury in exceptional cases. "But even in these cases, the decisions of juries may only be legal references to the judges concerned," Kim says. "I do not support the adoption of decisions of non-expert juries by a judge for any litigation."

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Currently, more than half of the Korean companies that have lawsuits filed against them from NPEs are SMEs. Such litigation produces a large amount of profit, which consequently attracts NPEs to engage in such activities.

- Steve Oh, managing partner,
Inventus, Seoul

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Chen agrees that patent cases need more educated juries to make proper decisions.

However, the more relevant variable is the skill of the attorneys. “A skilled litigator will be able to explain even a complicated issue to a jury, regardless of the education level, whereas an unskilled litigator might confuse even a highly educated jury in regards to a simple issue. There does not appear to be any relationship between states where jury trials are more frequently demanded and the education level of the population,” Rourk says, citing a story in the *Berkeley Technology Law Journal*. “Nonetheless, that

there is no room for forum and judge shopping in Japan, says Takahashi. Nor, notes Matsumoto, are there juries for patent cases.

Strategies against NPEs

While NPE suits may be inevitable for some, companies can take steps to protect themselves when they are named in patent infringement lawsuits.

“The first step defendants should take if faced with NPE litigation is to determine whether the patents-in-suit are subject to an *inter partes* review or covered business method review before the US Patent and Trademark Office (USPTO). These proceedings, which were part of the AIA, put the validity of the patents at issue before the USPTO and have the potential of staying any pending district court litigation, which is usually to the defendant’s benefit,” Rankin says. “Further, challenging the validity of the patents-in-suit through one of these proceedings is generally less expensive to prosecute and is potentially dispositive of any future or pending litigation from the NPE at issue.”

The advent of the *inter partes* review procedures in the USPTO plus the new venue provisions of the AIA have had an impact on the number of NPE litigations. “The *inter partes* review provides an economical way (compared to litigation) to challenge patents, especially those asserted by NPEs. The USPTO has a good record of invalidating many NPE patents. The venue provisions have forced many NPEs to file in less friendly districts like Delaware and has made it more difficult to sue all of its intended targets in a single court,” Kelly says. “All of these factors are beginning to force the less well financed NPEs to the sidelines. When the new federal rules go into effect at the end of this year, the enhanced pleading requirements will further reduce the amount of NPE activity.”

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If a defendant can be forced to prepare for trial in a short period of time, it might then be more inclined to settle the case instead because the cost of settlement may be less than the costs to litigate the case.

- Christopher Rourk, partner,
Jackson Walker, Dallas

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same article shows that juries are more likely to find in favour of the patent owner than judges, which suggests that juries in general might exhibit a bias towards patent owners, regardless of their education.”

Kelly also thinks that the education level of the jury is less important than the attitude of the district court toward patents and if it has local rules that favour NPEs, such as the late Markman hearings. “Plaintiffs look for districts which have favourable attitudes and local rules toward patents, and then to see if the juries are patent friendly.”

If NPEs file appeals in South Korea, they may take them to the Seoul Central District Court because the reputation of the judges there is very good, says Kim.

If the defendant files a patent-related case, the case is taken to his or her respective jurisdiction based on the address of habitation, Oh says. “Thus, NPEs cannot choose courts or districts, but there are cases in which NPEs would seek for more favourable judges whom they have connections with.”

Patent infringement litigation in Japan is also subject to exclusive jurisdiction of the Tokyo District Court and the Osaka District Court, which have specialized IP divisions.

The Tokyo District Court has four divisions and the Osaka District Court has two. There are also so-called “research officials” who have technical backgrounds to help judges, Takahashi says. “If patent infringement cases are appealed from the two courts, the IP High Court has jurisdiction over all these patent infringement cases.”

As only two District Courts out of 50 handle patent infringement,

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As only two District Courts out of 50 handle patent infringement, there is no room for patent and judge shopping in Japan.

- Masakazu Takahashi, patent and trademark attorney,
T. Takahashi Patent Office, Tokyo

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In addition, companies involved in NPE litigation should investigate early whether one or more dispositive claim constructions exist and/or whether certain invalidity arguments could be made early without the need for expansive discovery. “Indeed, certain courts have shown a willingness to stay

discovery until a ruling on these preliminary and potentially dispositive issues are made. This is especially true in the wake of the Supreme Court's *Alice Corp* decision," Rankin says. "Since that opinion, district courts have shown the willingness to invalidate patents at the pleadings stage for failing to cover patentable subject matter."

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Be proactive, not reactive. The best way to protect oneself from NPEs is to have a strategic plan in place before an NPE comes calling.

- Robert Siminski, principal,
Harness Dickey, Detroit

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If efforts to end the litigation early are unsuccessful and the defendant is required to engage in substantive litigation and discovery before a federal court, defendants should press for an order setting specific parameters on e-mail discovery to limit the scope of requests from NPEs. "Because NPEs, by their very nature, typically have very few documents, the discovery burden rests almost entirely with the defendant," Rankin says. "Thus, to the extent the defendant can limit those burdens and force the NPEs to deal with the merits of its claims, the defendant will hopefully find itself in a better position to resolve the matter on favourable terms."

Companies should not be afraid of bringing NPEs to courts, says Takahashi.

"I would like to advise companies to search prior arts before selling their products in the market," says Kim.

"Getting the right prior research done can save both money and time required for enforcing patents – having the right mindset towards patents is important," Oh says. "Patents are not a waste of money, but it is an investment."

"In summary, be proactive, not reactive," says Robert Siminski, principal at Harness Dickey in Detroit. "The best way to protect oneself from NPEs is to have a strategic plan in place before an NPE comes calling. In today's environment, many corporations have certain procedures in place, depending on the type of NPE making an assertion since NPEs are now part of the cost of doing business. Establish lines of communication with other general counsel and/or chief IP counsel to gauge their willingness to share concepts as to dealing with NPEs."

Organizations should make it known that they are willing to do whatever it takes to thwart NPEs if their demands are wholly unreasonable. "Because NPEs come in different forms, it is

important to first understand who you are dealing with," Siminski adds. "For this reason, it is important to engage with the NPEs to access what they really want."

"If it becomes clear that the NPE is a little more than a troll, the target company needs to access the landscape. Are other 'targets' being pursued by the same NPE? If so, contemplate a joint approach along with other targets," Siminski says. "Be quick to engage in invalidity investigations. Be sure to engage with appropriate business units within the organization to make going forward decisions."

There are many strategies to proactively manage the risk from NPEs, such as obtaining insurance, obtaining indemnification from suppliers, filing declaratory judgment lawsuits, filing patent office proceedings (*ex parte* reexamination/*inter partes* review/covered business method petition) and using public domain designs, Rourk says. "Monitoring NPE litigation that has been filed against competitors or other companies in the same technology space can also be used to identify potential risks, but whether to incur the cost of proactively attempting to invalidate the patents held by an NPE before they are asserted against your company

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There is no jury trial for patent litigation, nor forum shopping in Japan. Our Code of Civil Procedure does not provide intensive document disclosure, and there are no punitive damages in Japan. Those differences make NPEs less-motivated to file patent litigation in Japan.

- Kei Matsumoto, partner,
Baker & McKenzie, Tokyo

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versus waiting to see whether the NPE ever approaches your company and then trying to negotiate a *de minimis* license is a fact specific analysis."

Outlook

The US courts and Congress have already implemented a number of measures to reduce the amount of frivolous patent litigation brought by NPEs, and it is likely that additional measures will be implemented in the future, says Rourk.

NPEs such as Acacia and Intellectual Ventures will be with us for the foreseeable future but the smaller ones will be forced to the sidelines, Kelly says. "I foresee NPE activity dropping back to

maybe the level of 2004 over time.”

For Japan, there will not be much change, Matsumoto says. “As mentioned, there is no jury trial for patent litigation, nor forum shopping. Also procedurally, our Code of Civil Procedure does not provide intensive document disclosure, which is unlike the

Japan, so all those differences make NPEs less-motivated to file patent litigation in Japan.”

In 2014, the IP high court of Japan set the standard on the enforcement of SEPs in *Samsung v. Apple*, Otani says. “This standard gives a clearer outlook on the outcome of litigation, and the number of NPE litigation is expected to go down.”

But due to globalization, a lot of companies have businesses all over the world, so companies can still become NPEs’ targets elsewhere, especially in the US, Takahashi says. “These companies must therefore be cautious when they enter foreign markets.”

Governments could revise their litigation laws in order to protect their companies, but NPEs would develop their weapons, Hwang says. “Their relations are like internet security firm’s software and hacker’s virus.”

“I foresee that activities of NPEs will be increased in South Korea in the future,” Kim says. “An opponent of NPEs may consider protecting themselves based on Abuse of Right, Doctrine of Estoppel, Frand Declaration for Essential Patent and Fair Trade Act.”

US discovery system. Further, there are no punitive damages in

Frand Declaration for Essential Patent and Fair Trade Act.” **AIP**

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The standard set in *Samsung v. Apple* gives a clearer outlook on the outcome of litigation, and the number of NPE litigation is expected to go down.

- Kan Otani, patent attorney,
Ohno & Partners, Tokyo

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Protecting Traditional Knowledge

As awareness of protecting traditional knowledge and cultural heritage increases, **Lily Zhang** speaks to lawyers in the region about the efforts being made.

It is the iridescent history, various kinds of cultures and customs that make a country colourful. As society and technology develops, traditional cultures are being better acknowledged, including increased awareness of the

Organization (UNESCO), this convention sought to safeguard the intangible cultural heritage, ensure respect and appreciation for the materials used in traditional knowledge, raise awareness of their importance and provide for international cooperation and assistance.

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We have a long way to go but the brand has brought the industry together with a community focus and tool for rebuilding their market.

- Rebecca Ordish, founder and managing director

Rebecca Ordish Consulting, Kathmandu

Branding: A Method of IP Protection

Folklore – the product of human creativity, a creation of people who live in a particular geographical area, sharing the same language, culture, mechanism of livelihood and living conditions – is one of the heritages. It also is the product of the creative ideas of the people who express such creativity through verbal, artistic or material forms. This in turn is transmitted orally or in written form or through some other medium from one generation to another, belonging to a literate or non-literate society, tribal or non-tribal, rural or urban people.

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importance of the protection of traditional knowledge and cultural expressions. In 2003, delegates of 190 countries adopted the Convention on the Safeguarding of Intangible Cultural Heritage (2003 UNESCO convention). Developed under the auspices of the United Nations Educational, Scientific and Cultural

Rebecca Ordish, an Australian lawyer and consultant who is dedicated to protecting Pashmina products in Nepal, spoke to *Asia IP* on how a traditional arts uses proper branding strategies to win reputation. Pashmina shawls are a kind of luxury product with a long history in Nepal, made from Pashmina wool and first

worn by the Rana royal family. “Over time, fake products came into the market and the word ‘pashmina’ became synonymous with cheap Chinese shawls,” she says. “Pashmina is actually the inner layer of wool from Chyangra goats.”

Ordish is trying to find a way to inspire local communities to protect their exclusive art heritage, as she believes many of the local communities do not recognize the value of their cultural heritage. “When aid and overseas organizations come in and offer to help, the local communities sit back and allow them to take control. The passion to protect their cultural heritage needs to come from the communities with support as required, not the other way around,” she says.

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IP protections developed late in China, which affected TCM. This is in contrast with other Asian countries, such as Japan and Korea, and even some western countries, such as America, who have approved many TCM-related patent applications. In China, TCMs did not become a patentable subject matter until 1993 with the first amendment to the Chinese Patent Law.

*- Helen Cheng Fang, partner
Zhong Lun Law Firm, Shanghai*

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The way to help Nepal Pashmina obtain IP protection is through branding. The Nepal Pashmina Industry Association established a collective trademark logo and registered it in Nepal with a strict code of conduct for its use. “Given Pashmina products are exported around the world, we registered the trademark in over 40 countries and embarked on a marketing program in Nepal with the suppliers and local market as well as internationally,” Ordish says. “We have had a lot of hurdles to cross along the way – turns out the trademark registration process was the easy part. We have a long way to go but the brand has brought the industry together with a community focus and tool for rebuilding their market.”

Ordish has also been working with the tea and coffee industries in Nepal. She believes the future of developing countries comes from finding their niche and specialty products and services and creating markets from those, rather than relying on aid. That being said, she says she and her colleagues are facing many challenges, especially as many industries remain tightly-controlled by the government.

She adds there are a number of UNESCO heritage sites in Nepal which are now being protected with aid money. But so many of the cultural heritage areas in Nepal, tangible and

intangible, are in the hands of aid organizations rather than having a sustainable development and protection programme.

Ordish is surely going to do more in future to help locals inform IP knowledge, as she believes IP has a huge role to play in a much-needed new paradigm of development – the current model is far too top-down and it needs to change. By giving the local communities the power and skills to empower themselves, true development and sustainability can be achieved. IP needs to be a part of this, but it needs to be demystified and made practical and relevant at grassroots level, she says.

Since the traditional attitude of many societies was to keep folklore as part of the common heritage of the community without individual ownership, there were no formal or informal (customary) laws in many developing countries which specifically bestowed ownership rights of folklore on any community or group of persons and prohibit its commercial exploitation without their consent.

Traditional Chinese Medicine: Finding a Way

Other forms of traditional knowledge that has been passed from generation to generation is also calling for IP protection.

Traditional Chinese medicine, known as TCM, existed in China 2,000 to 3,000 years ago. The World Health Organization (WHO) defines it as traditional medicine as “the sum total of the knowledge, skills and practices based on the theories, beliefs and experiences indigenous to different cultures, whether explicable or not, used in the maintenance of health, as well as in the prevention, diagnosis, improvement or treatment of physical and mental illnesses.” In China, traditional medicine accounts for approximately 40 percent of all health care delivered. This national treasure of the country, however, needs more focus both internationally

and domestically.

However, not until the late 1980s and early 1990s did China create any comprehensive regulation of TCM. Helen Cheng Fang, a partner at Zhong Lun Law Firm in Shanghai says most TCM medicinal materials can only be found in China. However, with the gradual expansion and acceptance of TCM in western countries, the market for TCM has grown larger but also more competitive. “IP protections developed late in China, which affected TCM. This is in contrast with other Asian countries, such as Japan and Korea, and even some western countries, such as America, who have approved many TCM-related patent applications. In China, TCMs did not become a patentable subject matter until 1993 with the first amendment to the Chinese Patent Law.”

She says the most important forms of IP protections are most applicable to TCM: patents and trade secrets. More specifically, patents can provide strongest protection for TCM themselves. TCMs can be eligible for product patents, process patents and use patents. Trade secret protection also plays an important role in TCM IP protection and is contained in the PRC Anti-Unfair Protection Law. Besides, the administrative protections accorded to TCMs are a unique facet of Chinese law and reflects the

importance and cultural significance of TCM in China.

Song Xiaoting, a professor at Tongji Law School/IP Institute in Shanghai, spoke to *Asia IP* about the current situation and future IP protection for TCM. In 2002, the government set up the Regulations on Protection of Traditional Chinese Medicines in order to protect the traditional methods; however, Song says, there are still drawbacks and inadequacies in laws as society has developed quickly. “Currently, there is no specific IP law to protect the TCM rights in China, which needs to be improved urgently.”

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From a political perspective, the current debate is whether Aboriginals should be acknowledged in Australia’s Constitution. In that context, recognition of intellectual property rights seems a very minor component.

*- Jenni Lightowlers, founding partner
Francis Abourizk Lightowlers, Melbourne*

Song says although China has made some significant progress in TCM protection, there is still a gap between the rapid scientific TCM developments and the traditional method’s relatively less-practical needs.

Knowledge of the traditional method, which has been accumulated for a long time, and passed down from one generation after another, is the key to protecting TCM. It is the link which connects a nation with its culture and hygiene, and can be used in technology and other industries.

“To inform people of the IP knowledge of TCM, practitioners should fully join hands with professionals in the law and IP fields, using trademarks, geographical marks, technology secrecy protection, etc, to bring more benefits to the whole society.”

Cheng adds that the ideal situation would be for TCM practitioners to obtain both patent protection and maintain trade secret status of any TCMs. This can be accomplished by applying for a patent using limited or non-specific information.

Xu Xinming, chief lawyer at China Intellectual Property Lawyers in Beijing, believes the lack of awareness of protecting TCM may partly derive from the development of modern technology. One of the problems brought by technology is the marginalization of TCM, whose method of treatment is systematically different from that in modern medicine. “Because there are a lot of technical terms or methods (in TCM) which cannot be explained in modern medicine, a lot of people believe it is anti-scientific,” he says, adding that this prejudice is the most severe problem that TCM faces.

The good news, says Xu, is that China has been preparing to establish a TCM law, and issued a consultation paper relating some modified rules in November 2014. The paper largely

aims to protect the features and advantages of TCM from being infringed maliciously.

Australia Aboriginal Arts Call for Attention

Lack of specific laws in some distinctive cultural communities may become an impediment in the protection of traditional knowledge. It has already caused disagreements among lawyers in Australia.

Australian indigenous culture is a tradition of art in the world, whose initial forms of artistic Aboriginal expression were rock carvings, body painting and ground designs, dating back more than 30,000 years, according to an Australian government website. There has been widespread abuse and disrespect of indigenous intellectual property rights, even though indigenous communities exist throughout the world, says Jenni Lightowlers, a founding partner at Francis Abourizk Lightowlers in Melbourne. “This has been in the form of what amounts to artistic theft of traditional forms of painting, [such as] the line art or the dot paintings which are traditional to particular communities,” she says. “Further, the lack of IP protection is manifested in a disrespect for local communities.”

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Although the knowledge of Aboriginal people is significant, the formal recognition of Aboriginals in Australian law is little. As there are no particular provisions under Australian law which recognize the rights of indigenous

communities or individuals to protect or recognize customary or traditional indigenous laws, the improvements are limited.

“It is unlikely that Australia will do any more to enforce IP rights in any cultural form under the current government,” she says, “as it is not seen as being a priority in a government which seems to be struggling with a number of economic issues,” adding that the failure to have particular intellectual property rights protection for Aboriginal artists is just one other manifestation of the lack of recognition of Aboriginal culture in Australia. “From a political perspective, the current debate is whether Aboriginals should be acknowledged in Australia’s Constitution. In that context, recognition of intellectual property rights seems a very minor component.”

Some communities live in remote areas, thus their places consequently become the “no go” areas to those who do get out into the bush unless there is a permit to enter, she says. “Although it protects the communities from inquisitive tourists, people cannot see the appalling conditions in which many people live. In urban areas, as with other cultural groups, Aboriginal communities tend to cluster together – so again, many of the issues are hidden. There is significant unemployment, lack of education, health issues and poverty in these communities.”

There are efforts are being made by people who work in this field. For example, an Aboriginal and Torres Strait Islander IP Protocol has been developed with local communities by the Cooperative Research Centre for Remote Economic Participation, which focuses on economic development and other issues in remote parts of Australia. The protocol has been made available to researchers and others who work in local Aboriginal communities, but it has no legislative or regulatory effects on IP

protection, Lightowlers says.

The lack of IP protection causes unimaginable damage to local communities. For example, since almost all stories of aboriginal arts are expressed orally, the chance of them being used commercially by a third party is very high.

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The current intellectual property regime in India has been reasonably successful in the protection of our cultural heritage.

- Prietika Siingh, partner,
Intl Advocare, Noida

Lynell Tuffery Huria, a special counsel at AJ Park in Wellington, says the lack of IP protection means local communities have no ability to stop any misuse or misappropriation of their traditional aboriginal arts. Introducing a regime that recognizes traditional

knowledge including aboriginal arts would go some way to alleviate this problem, she says.

Although there are continual misuse and misappropriation of aboriginal arts – not just in Australia but around the world – increasing demands appear from Australian aboriginal communities that any aboriginal arts must be used appropriately and in accordance with traditional customs. These communities are also seeking amendment to the IP legislation framework in Australia to recognize and provide for the recognition of traditional knowledge, including aboriginal arts.

Expecting More in India

India’s culture has always had a profound impact across human history. Prietika Siingh, a partner at Intl Advocare in Noida says that the country’s IP regime has been reasonably successful in the protection of cultural heritage. The country recognizes geographical

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indications (GI), a sign that indicates a product is from a particular region and has quality, reputation and characteristics specific to the place. “GIs have been governed by law principles, which enable an aggrieved person to file an action of ‘passing off’ for protection of his rights,” she says. “In other words, it is based on usage and common knowledge about the characteristic features and quality or reputation that the product has already earned in the market either by publicity or by its presence in the market.”

She adds that a few examples of Indian GIs, such as Basmati rice, Darjeeling tea, Kanchipuram silk saris, etc., have uniqueness and tremendous reputation around the world.

Apart from GIs, Siingh says the role of collective marks is also very important in the protection of the Indian cultural heritage.

“Collective marks are used to distinguish products or services provided by a group of enterprises, generally members of association. They denote the common origin of products and are often used to promote products that are characteristics of a given region. Many indigenous associations, including groups of artists, have used the collective mark system to indicate their association within a group.”

Amendments to the Indian Copyright Act have brought some provisions for the protection of expressions of folklore and traditional heritage into compliance with WIPO internet treaties, strengthening the enforcement and providing protection against internet piracy.

Traditional cultural expressions are the product of social relations, says Siingh, which means they are subject to evolution, and that these cultural endeavours do not exist in a vacuum from other considerations and aspirations in human development. Although protections of intangible heritage has received growing attention at both domestic and international levels, she indicates that some challenges remain. Factors which can play a key role in cultural heritage protection include educating indigenous people of their rights by effective means of dissemination of knowledge; providing better incentive schemes in order to promote innovation; implementation of quality standards; effective means of distribution; providing better import/export variables; spreading awareness through means of social media and other channels; and finding an effective means to commercialization backed by an effective legal sanction. **AIP**





Trans-Tasman Cooperation in Sight

Australia and New Zealand are taking steps to increase cooperation in intellectual property matters. **Lily Zhang** examines changes in each country's IP regime and in increased harmonization between the two.

Oceania neighbours Australia and New Zealand have been making significant efforts to improve their own intellectual property systems in recent years, which have culminated in

on the horizon in 2015, says John Lee, a partner at Gilbert + Tobin in Sydney. "Most notable is the Australian government's proposed anti-piracy measures in the form of an anti-piracy site-blocking regime. This will provide protection for copyright holders by providing a mechanism for blocking the access of Australian internet users to websites hosting copyright infringing material. The government has indicated its preference for a voluntary industry code, but has indicated willingness to legislate should such industry stakeholders fail to reach an agreement."

Lee says that he also foresees Australia to become an increasingly attractive venue for continuing patent litigation. "Australia has a unique innovation patent system, which is a second tier of patent protection that enables strategic and swift enforcement of patent rights. A number of multinationals including Apple have recently taken advantage of this system to enforce patent rights in Australia and

we see this trend continuing," he says. In trademarks, lawyers in Australia anticipate that trademark owners will continue to develop innovative new responses to the problem of copycat packaging on own-label products. While it

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China is Australia's major trading partner and is Australia's largest export market for both goods and services, accounting for nearly a third of total exports.

- John Lee, partner,
Gilbert + Tobin, Sydney

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revisions of IP laws on both sides of the Tasman Sea. Meanwhile, two of the freest economies in the world are also seeking ways to cooperate more with each other, and with other countries.

There are significant developments in Australian copyright law

continues to be difficult to secure trademark registrations for trade get up only, brand owners have been successful in arguments that copycat packaging amounts to misleading and deceptive conduct under the Australian Consumer Law.

Australia decided to drop these issues, agreeing to revisit them again in three years' time. This approach led to the two-stage agreement, where the highly controversial issues were set aside for the time being.



Most of the changes in the Patents Act 2013 were intended to align New Zealand's patent laws more closely with those of other countries, including major trading partners.

- Anton Blijlevens, partner,
AJ Park, Auckland

"In addition, as a result of the decision in *Cantarella Bros v. Modena Trading*, there is more security for owners of foreign language trademarks in that they will be able to obtain registrations for their marks in Australia. In that case, the High Court made clear that where a foreign word contains an allusive reference to the goods, that word may be considered to be sufficiently distinctive for registration," Lee says.

After 21 rounds and a decade of negotiations, Australia and China have finally concluded a free trade agreement. The China-Australia Free Trade Agreement (ChAFTA) joins an FTA with Japan, the Japan-Australia Economic Partnership Agreement (JAEPA), as important boosts to not only Australia's economy, but also to its ability to enforce IP protection. According to Sophie Thoreau, a team leader and senior associate at Baldwin Son & Carey in Auckland, there are a number of factors contributing to the delay in finalizing the agreement with China, including changes to the political environment in both China and Australia. The negotiations were plagued by ineffective trade talks until Xi Jinping took over as president in China in 2013 when talks finally began to progress, she says.

Thoreau says it is understandable that potential exit strategies were being considered by Australia because of concern the negotiations were potentially diplomatically damaging and highlighting further issues preventing free trade negotiations from moving forward. China sought fairer treatment of Chinese state-owned enterprises investing under Australia's foreign investment regime, and Australia sought progress on a number of agricultural products. Australian negotiators were not prepared to move on the issue of state-owned enterprises without movement by China on a number of politically-sensitive agricultural products, such as sugar and rice. Progress finally came when both China and

The further breakthrough finally came when Australia offered China the same service-sector access which Australia had given other nations including South Korea, Japan and the US, and days before agreement was reached, China offered Australia the agricultural concession necessary to provide the political backing in Australia necessary to support the agreement.

"There are many Australian stakeholders across a range of industries whose interests had to be considered," Lee says. "China is Australia's major trading partner, with A\$150 billion (US\$117 billion) worth of two-way trade and is Australia's largest export market for both goods and services, accounting for nearly a third of total exports, and a growing source of foreign investment.



As for Japan, it is one of Australia's largest export markets and, while it is a more mature market with a slower rate of growth, its absolute size makes the Japanese agreement very significant for Australia."

Lee says the ChAFTA will unlock significant opportunities for Australia. "Agriculture and primary production are a major focus of the ChAFTA, and China will obtain greater access to Australian products like dairy, meat, wine, minerals, wool and agricultural products. Consequently, there will be significant benefits for their Australian industries. Australian consumers will obtain better access to manufactured goods including consumer electronics, clothes and textiles, plus more investment in local businesses."



While *Haka Ka Mate* is the only IP right to have achieved protection so far through a Treaty of Waitangi settlement, this kind of recognition is not novel in New Zealand law.

- Lynell Tuffery Huria, special counsel,
AJ Park, Wellington



The Japanese market is a very substantial regional market generated by the activities of Japanese business and investors, especially via production networks in Asia, he says. "It is a market enhanced by the economic cooperation programs of the Japanese government throughout the developing world, particularly in the Asian and Pacific region and Australian producers will be able to tap into this. Again, Australia's agriculture as well as resources

and service industries stand to benefit significantly from the Japanese FTA.”

Thoreau also notes that there are important FTAs between Australia and other Asian countries.

“In addition to eliminating tariffs and strengthening trade links, the Singapore-Australia FTA guarantees liberal access conditions for many Australian service suppliers including legal, financial and educational exporters. The agreement also creates a more open and reliable business environment in a number of areas, including telecommunications, competition policy, e-commerce and business travel,” she says, adding that the Thailand-Australia Agreement increases prospects for services trade and investment, and improves the regulatory and investment environment. “Thailand has also agreed to relax strict conditions relating to visas and work permits and guarantee non-discriminatory treatment of Australian investments in Thailand. The agreement has provided new export opportunities into Thailand in areas such as agriculture, processed food and beverages, mining and automotive products that were previously subject to tariffs of up to 200%.”

She believes to fully understand intellectual property is good for FTAs. The key in FTA negotiations, she says, is to ensure practical and commercially successful outcomes, tailor these to the respective countries and identify possible IP issues that could arise.

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Cooperation between New Zealand and Australia began in 1998 when patent attorneys registered in one of the countries were able to register in the other country through Trans-Tasman Mutual Recognition Arrangement.

- Jonathan Lucas, senior associate,
James & Wells, Auckland

“It is worthwhile to consider how protection and enforcement of IP can be achieved, as these are likely to encourage trade and investment where IP is adequately protected. This is important on both sides of the agreement to ensure confidence in the export market,” she says, adding that the negotiation of FTAs may see new issues arise not previously negotiated due to the reduction or elimination of trade barriers which previously restricted exports/imports in certain areas. If successful, these may in the future be incorporated into domestic law.

“Australia has been active in Asia-Pacific Economic Corporation and in negotiations, and encourages FTA partners to commit to the international treaty obligations set by the WTO in the TRIPS Agreement. This sets minimum standards for many forms of intellectual property to apply to WTO members. Ensuring negotiating parties are a party to this agreement

ensures minimum standards of IP are maintained,” she says.

Other than closer investments with Asian countries, Australia is taking further steps on cooperation with its closest neighbour.

In December 2014, an IP Australia consultation paper outlined a new system which would affect not only the regulation of the patent and trademark attorney profession, but also create a single application process as well as a single examination process for those applications. This move seeks to implement the proposed changes that will bring New Zealand’s and Australia’s patent regimes together.

Thoreau says New Zealand and Australia have been in a close and open economic and trade relationship, and are edging towards becoming a single economic market (SEM), which would provide a regulatory environment to enable businesses, consumers and investors to operate seamlessly across both markets. “The intellectual property profession is one of the first to transition into the single regulatory framework. The process is currently at consultation stage, but once implemented will align both the patent attorney qualification and the IP protection and examination into a single framework,” she says.

“The New Zealand and Australian prime ministers have announced a commitment to the SEM for a number of areas of business law. These are set to follow in the steps of the intellectual property profession; those mentioned include insolvency law, financial reporting policy, financial systems policy, competition policy, business reporting, corporation law, personal property securities law and consumer policy,” she says.

New Zealand Intellectual Property in 2014

Anton Blijlevens, a partner at AJ Parks in Auckland, says that there were two notable developments in New Zealand IP law in 2014: introduction of the new Patents Act 2013, which came into force on September 13, and introduction of the *Haka Ka Mate* Attribution Act on April 22.

“Representing the first major overhaul of New Zealand’s patent system in 60 years, the introduction of New Zealand’s new Patents Act 2013 brought with it a number of changes. Most of the changes in the act were intended to align New Zealand’s patent laws more closely with those of other countries, including major trading partners. As the majority of applications filed at the Intellectual

Property Office of New Zealand (IPONZ) are national phase entries into New Zealand, some of the changes will cause difficulties for applicants. However most with an international patent portfolio have been used to stricter requirements in other jurisdictions for many years already,” he says.

Regarding the *Haka Ka Mate* Attribution Act, Lynell Tuffery Huria, a special counsel at AJ Park in Wellington, says it is the first of its kind in New Zealand because it is the first piece of legislation relating to indigenous rights arising out of Treaty of Waitangi settlement negotiations that provides some quasi-intellectual property protection to a taonga (treasure) of an iwi (indigenous tribe). “While *Haka Ka Mate* (a traditional Maori war cry) is the only IP right to have achieved protection so far through a Treaty of Waitangi settlement, this kind of recognition is not novel in New Zealand law.”

According to Jonathan Lucas, a senior associate at James & Wells in Auckland, cooperation with Australia began in 1998 when patent attorneys registered in one of the countries were

laws with those of Australia. The next step that is expected is a Patents (Trans-Tasman Patent Attorneys) Amendment Bill, which would provide a single registration process for patent attorneys in New Zealand and Australia. Later on, the intention has been stated to provide a single process for filing patent applications and also a single process of examination for patent applications in the two countries.

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Assuming the necessary legislation is in place, trials for the single application process and a single examination process are planned for 2015.

- Joe Seisdodos, partner,
AJ Park, Sydney

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Although the government’s justification for the merged application process with Australia is to provide time and cost savings to patent applicants because most applications filed in New Zealand are also filed in Australia, Lucas says it has been questioned whether such savings would actually be realized.

Joe Seisdodos, a partner at AJ Park in Sydney, says that although in Australia an IP Laws Amendment Bill that allows IP Australia to delegate powers and functions to a New Zealand patents official has entered parliament,

able to register in the other country through Trans-Tasman Mutual Recognition Arrangement (TTMRA). A further step took place in 2014 when New Zealand’s Patents Act 2013 commenced, which aligned many (but notably not all) of New Zealand’s patent

analogous New Zealand legislation has yet to be drafted. “Assuming the necessary legislation is in place, trials for the single application process and a single examination process are planned for 2015,” he says. **AIP**



Australia and New Zealand are taking steps to increase cooperation in intellectual property matters.



Protecting Your Inventions: A Summary of how New Zealand's Patent Law Has Changed

In 1953, a new patent act was enacted in New Zealand. **Kate Wilson** looks at how things have changed since then.

Once upon a time, about the time when Hillary first climbed Everest, a new Patents Act was adopted in New Zealand. The act included anachronisms harking back many centuries to when adventurers were encouraged to steal innovation from overseas in return for a limited monopoly from the Crown. This was thought appropriate for a wee country situated on the edge of the world.

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One controversial change is limiting the patentability of software to embedded uses or control applications. Creative patent drafting and arguments will be required to try and get the protection needed.

Time moved on, technology evolved at a rapidly increasing pace, and so did patent legislation around the world – changing to accommodate patent applications for such wondrous

technologies as software, genetic modification, new micro-organisms, medical advances, electronic media and the cloud.

For 60 years, our patent laws remained virtually untouched, until finally, in September 2014, the New Zealand Patents Act 2013 finally came into force!

So what effect will any changes have on Kiwi businesses?

First it should be appreciated that many Kiwi businesses are exporters and therefore their patent specifications are drafted by New Zealand patent attorneys to international patent law standards. Thus, with the new act nicely aligned with many of our major trading partners, these businesses will not be affected as much by the changes.

Like most of our international peers, to be patented in New Zealand, inventions must be:

1. new having regard to what's out there in the wide world, and
2. inventive. What is inventive can be subjective, although there is good New Zealand case law on the topic.

This is great as it means New Zealand patents will now be better recognized on

the world stage.

One controversial change is limiting the patentability of software to embedded uses or control applications. Creative

patent drafting and arguments will be required to try and get the protection needed.

Overall, the new act has changes which compel patentees to take greater control of their applications/patents and to have better internal/external systems to manage them. While this may cost more initially in time and money, it is not necessarily a bad thing. Patent portfolios are most valuable when regularly reviewed against business strategy.

For example, examination now has to be requested (similar to Australia), rather than just waiting for an examination report to issue. Thus, applications only proceed through the system if they are actively wanted. In line with many other countries, patent specifications will be published eighteen months after being filed. This can enable New Zealand businesses to see earlier if their activities are likely to infringe someone else's rights.

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Overall, the new act has changes which compel patentees to take greater control of their applications/patents and to have better internal/external systems to manage them.

Damages for patent infringement may also start earlier.

However, early publication does require careful management if a business wants to buy time by withdrawing and refile for patent rights.

At the least-exciting, but still financially important, end of the scale is the timing of payment of renewal fees.

Previously the fees were paid four, seven, ten and thirteen years



Kate Wilson is managing partner at James & Wells in Hamilton. She is an advocate for companies engaging in the big picture by capturing intangible assets, protecting intellectual property, and creating strategies that maximize opportunities. This dedication to see New Zealand innovation thrive on a global scale means Wilson is often called upon to act as a keynote speaker for a range of organizations, locally and internationally.

One of her many accolades include being ranked as one of the world's leading strategists in the IAM Strategy 300. She holds a Bachelor of Science (Physics and Chemistry), a Master of Science (Hons) (Physics) and is a Registered Patent Attorney in both New Zealand and Australia.

after filing the complete specification. Now they are to be paid annually. Again, this requires good systems to avoid inadvertent lapsing of rights. But having to scrutinize what you are doing with your rights on an annual basis can be healthy.

Further, on the plus side, there is greater certainty to potential infringers as to whether someone would be prepared to enforce their rights. As in, patentees have the option to lapse their rights on an annual basis.

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There are many other changes in the new Patents Act which could affect New Zealand businesses. Fortunately the

patent attorney industry have been thinking and writing about these changes for some time.

So use this time as a prompt to re-connect with the guardian of your most valuable assets.

Plus rejoice that we've finally caught up with the rest of the world! **AIP**



James & Wells

Level 12, KPMG Centre

85 Alexandra Street

Hamilton 3204, New Zealand

T: +64 7 957 5660

E: katew@jaws.co.nz

W: www.jaws.co.nz



Singapore: Abetment by Intentionally Aiding Counterfeiting Offences

A recent case in the Singapore High Court suggests that where an accused is charged with abetment by intentionally aiding persons to commit an offence under Section 49 of the Trade Marks Act, the prosecution will have to prove that the accused had knowledge that the goods or services are counterfeit. **Andy Leck** and **Adam Giam** explain the importance of *PP v. Koh Peng Kiat*.

The accused in *PP v. Koh Peng Kiat and another Appeal* [2014] SGHC 174 was operating an optical shop in Singapore known as Eye Cottage Pte Ltd, which sold glasses and contact lenses.

the accused even allowed one of his shops to be used to store the counterfeit contact lenses until they were collected. It was therefore held that Neo and Wong were only able to purchase the contact lenses with the accused's assistance and support.

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The offences emerged when the shops that bought the counterfeit contact lenses returned most of them to Ciba Vision Singapore.

For that, the accused was charged with, amongst others, two charges under section 49(c) of the Trade Marks Act read with Section 107(c) of the Penal Code, for abetting by intentionally aiding persons to have in their possession for the purpose of trade, boxes of counterfeit “FRESHLOOK COLORBLENDS” contact lenses.

”

The offences emerged when the shops that bought the counterfeit contact lenses from Neo and Wong (following their purchase of the same from the accused's acquaintance) returned most

The accused was introduced to an acquaintance (who was not the subject of the prosecution) who offered to supply him contact lenses, which were subsequently found to be counterfeit. The accused introduced his business partner, Neo Teck Soon (Neo), and friend, Andy Wong Chow Fatt (Wong), to the acquaintance and informed them of the business opportunity to purchase the counterfeit contact lenses. In respect of Wong,

of them to Ciba Vision Singapore (the registered owners of the trademark “FRESHLOOK COLORBLENDS”), for an exchange of lenses of different colours or degrees. Tests later confirmed they were counterfeit.

After a 10-day trial, the District Judge convicted the accused on the charges. This was subsequently overturned on an appeal to the High Court.

The High Court concluded that: (1) the accused did not abet by intentionally aiding his business partner and associate in committing an offence under Section 49(c) of the Trade Marks Act; and (2) the accused had a valid defence under proviso (i) to Section 49 of the Trade Marks Act.

In considering the prosecution's argument that the accused was abetting by intentionally aiding, the High Court observed that there was no evidence that the accused knew that the contact lenses in question were counterfeit. In the court's view, intention or knowledge on the part of the abettor that the offence will be committed is a necessary ingredient of the offence of abetment (even if the main counterfeiting offence under Section 49(c) of the Trade Marks Act, which is strict in liability, does not require it).

Accordingly, the offence of abetment was not made out on the facts. Although the accused facilitated the purchases of the contact lenses, there was no evidence that he knew the lenses, which were supplied by another person, were counterfeit.

In addition, the High Court found that the accused raised a valid defence under proviso (i) to Section 49 of the Trade Marks Act. This proviso basically states that a person would not be liable for an offence under Section 49 if he can prove that "having



Andy Leck is managing principal of Baker & McKenzie Wong & Leow in Singapore. He is recognized by the world's leading industry and legal publications as a leader in his field and has over 20 years of experience in contentious and non-contentious IP matters, litigation and arbitration. Leck also advises on the commercial exploitation of IP rights (particularly in the franchise, pharmaceutical and media industries).



Adam Giam is an associate in the intellectual property and dispute resolution practices at Baker & McKenzie Wong & Leow in Singapore. His practice encompasses corporate litigation and arbitration, both domestic and cross-border. He represents local and international intellectual property clients in both contentious and non-contentious matters, and plans and executes anti-counterfeiting operations for clients in Singapore and across the Asia Pacific region. He also has experience advising and acting for various parties in international contractual, commercial, and employment disputes.

In light of the above, the Court acquitted the infringer of the charges of abetment.



This shift of burden to requiring the prosecution to adduce evidence to show why precautions should have been taken is troubling.

taken all reasonable precautions against committing an offence under this section, he had, at the time of the commission of the alleged offence, no reason to suspect the genuineness of the mark and on demand made by or on behalf of the prosecution, he gave all the information in his power with respect to the persons from whom he obtained the good."

It was held that in the present case, given that no demand for information had been made, there were only two main elements of the defence under proviso (i) to Section 49 of the Trade Marks Act which had to be established: (1) the accused had taken all reasonable precautions against committing an offence under Section 49 of the act; and (2) that at the time of the offence, the accused had no reason to suspect the genuineness of the mark.

The High Court decided that whilst the accused only knew the third party supplier for a short time and did not know much about him, there was no reason to suspect that the contact lenses were counterfeit. The court therefore disagreed with the prosecution that the accused ought to have contacted the rights owner to verify whether the lenses in question were genuine. With respect to the issue that the contact lenses were being sold at a price well below the market price, the court held that it was not useful to set a base price to determine whether the contact lenses were counterfeit as the prices of contact lenses vary and large discounts are given for bulk purchases. As such, the Court was of the view that it was "unsafe to convict [the accused] on the evidence before the Court."

Comments

The High Court's decision provides some useful guidance in the case of the offence of abetment of trademark infringement. In particular, it clarified that an accused must have knowledge to be convicted of a charge of abetment. Therefore, where an accused was charged with abetment by intentionally aiding persons to commit an offence under Section 49 of the Trade Marks Act, the prosecution will have to prove that the accused had knowledge that



the goods or services which are the subject of the charge are counterfeit, even though such knowledge is not an element of an offence under Section 49 of the act.

However, what is disconcerting is the manner by which the Court applied proviso (i) to Section 49. This proviso requires an accused to prove that despite "**having taken all reasonable precautions against the committing of an offence ... he had at the time of the commission of the alleged offence, no reason to suspect the genuineness of the mark**" [emphasis added]. Even so, the High Court appears to have decided that proviso (i) to Section 49 applied because the prosecution did not manage to adduce evidence to show that there was reason for the accused to suspect that the contact lenses in question were counterfeit.

This apparent shift of the burden, from requiring an accused who is relying on the proviso to prove that he has taken all reasonable precautions, to requiring the prosecution to adduce evidence to show why precautions should have been taken, is troubling.

In a time where counterfeit products are becoming increasingly sophisticated, the case suggests that infringers can choose to turn a blind eye and rely on the proviso solely on the basis that they had no reason to suspect that any particular batch of products might be counterfeit and hence had no reason to take any precautions. Nevertheless, we understand that the case is presently on appeal and we hope that the Court of Appeal will reconsider the position taken by the High Court to clarify the issue. **AIP**

ASEAN

**The Mizuno Trademark Case:
The Plight of the Runbird**

Despite an opposition filed by Mizuno Corporation, the Office of the Director General (ODG) of the Intellectual Property Office of the Philippines (IPOP HL) allowed the registration of the applicant’s mark, Erke and Device. Mizuno is a Japanese firm established in 1906. It was founded by Rihachi Mizuno and is engaged in the manufacture of a wide variety of sports equipment and sportswear. The Mizuno Runbird has been depicted as a beautiful, free-flowing, graphic symbol of Mizuno. The device signals the fitness pursuits and activities of athletes around the world. The Mizuno Runbird line means that Mizuno shoes have a “sense of speed and a feel of strength” as well as “tenderness and flexibility.” Throughout the years, the Runbird logo has been instrumental in making the Mizuno brand famous globally and has helped the company establish itself as an industry leader.

In 2006, Fujian Hongxing Erke Sports Goods (Erke), a Chinese company, filed an application for registration of the mark “ERKE & DEVICE” in Class 25. An opposition was filed by Mizuno on the basis that the device portion of the “ERKE & DEVICE” mark is confusingly similar to its intentionally well-known Runbird Device.

Erke, on the other hand, argued that it is a leading manufacturer in China and its mark has been registered in over 100 countries. It asserted that the word “ERKE” constitutes the dominant component of the mark and it is not confusingly similar to the Runbird

logo. The Bureau of Legal Affairs (BLA) director denied the opposition and ruled that the device in the ERKE mark is not identical to the “running bird,” emphasizing the observable differences in the respective device’s angles, slants and curves, and noting the presence of a “triangular-shaped cavity/void/hole in the lower middle portion” of the Runbird logo, which is absent in the ERKE device.

In the tribunal below, the director of the BLA took the position that the ERKE device is a composite mark consisting of a device and the word “ERKE”. The BLA held, “[a] visual assessment of the Respondent’s mark shows that neither the device nor the word mark “ERKE” is the dominant part of the mark. The device and the ‘ERKE’ instead complement each other to form a mark with a character that is distinct from the Opposer’s. Assuming that there are similarities between the devices, the word ‘ERKE’ made confusion/deception unlikely.

Expectedly, Mizuno appealed to the ODG. The latter, in affirming the decision of the BLA relied on the BLA’s findings and held that since the marks at issue are both composite marks, the combination of the device and the word mark gives each a distinct character and appearance. According to the ODG, “the words MIZUNO and ERKE are totally different, and combining them with their respective devices undoubtedly creates two distinctive marks that can never confuse the buying public.”

Noting that while it may be argued that the general appearance of the device in Erke’s mark bears a similarity to the Runbird Device, such similarity is not such as to nearly resemble each other as to likely deceive or cause



Jennifer D Fajelagutan is the Philippines correspondent of patrick mirandah co. (philippines). Her practice area covers infringement, unfair competition and border control enforcement. She can be contacted at philippines@mirandah.com.

confusion.

The ODG went further to stress that “the goods on which the marks are used [sportswear] are not ordinary household goods that a prospective buyer will casually buy without a careful scrutiny of the product or its origin.” Quoting a landmark Supreme Court decision in the Philippines, the ODG stressed, “[w]e believe that a person who buys the petitioner’s products and starts to have a liking for it, will not get confused and reach out for private respondent’s products when she goes to a garment store.” (Fruit of the Loom, Inc. vs Court of Appeals, G.R.No. L-32747, November 29, 1984)

Interestingly, the ODG also considered Mizuno’s claim that its mark was well-known, and ruled that “assuming that Mizuno’s Runbird Logo is well-known, all the more logical that buyers would be more discerning and discriminating of the trademark and manufacturer of the sportswear that they are purchasing, leaving no room for confusion.”

This decision has seemingly placed a great deal of trust on the discerning skills of buyers of famous sportswear brands. Oftentimes, fame has its price.




patrick mirandah co. philippines inc.
 Unit 1502, One Global Place
 5th Avenue Corner 25th Street
 Bonifacio Global City, 1634
 Philippines
 T: +(632) 519 9660
 F: +(632) 519 9662
 E: philippines@mirandah.com
 W: www.mirandah.com

TAIWAN

Expediting Substantive Examination of Taiwanese Invention Patent Applications

For invention patent applicants, obtaining patent rights is essential to protect their inventions, and of course, a speedy prosecution is desirable in helping patent applicants achieve IP protection as soon as possible. On the other hand, due to the long examination pendency at the Taiwan Intellectual Property Office (TIPO), TIPO is keen to expedite patent examination by utilizing the search and examination results of the foreign patent offices.

Currently in Taiwan, there are various programs available for invention patent applicants to speed up examinations, i.e., the Accelerated Examination Program (AEP), Patent Prosecution Highway (PPH) and Prioritized Examination (PE).

Requirements

Accelerated Examination Program

As in many other programs for speedy examination, the main reason why the TIPO launched the AEP is to reduce the backlog of patent applications. On January 1, 2009, the TIPO started a one-year trial of the AEP. After the trial, the TIPO formalized and also expanded the AEP by accepting more kinds of eligible invention applications.

To request the Accelerated Examination Program, eligible invention applications must be under one of the following conditions:

i. Taiwan invention patent applications that are under substantive examination in the primary examination or re-examination stage, where the corresponding foreign application has been substantively examined and allowed.

ii. If the examination opinions (and search report, if applicable) of the corresponding foreign application have been issued by the USPTO, JPO or EPO, but the application has not been allowed yet, the Taiwanese counterpart also will be eligible for the AEP.

iii. If the invention claimed in a Taiwanese invention patent application is essential to what the applicant puts to practice for commercial purposes, the Taiwanese application also will be eligible for the AEP.

iv. The applicant whose invention

involves 'green' technologies may request AEP to ascertain its patentability at the earliest.

PPH programme

The PPH programme enables an invention patent application, whose claims have been determined to be patentable in the Office of Earlier Examination (OEE), the United States Patent and Trademark Office (USPTO), the Japan Patent Office (JPO), or the Spanish Patent and Trade Mark Office (SPTO) to accelerate substantive examination under the PPH in TIPO.

Requirements for requesting accelerating examination under the PPH for an application in Taiwan include:

i. **PPH between TIPO and USPTO** the TW application is an application which has validly claimed priority right from a USPTO application(s) or from a PCT application(s) with the US as one of the designated states, and the PCT application(s) has(have) not claimed priority right from other application(s); or **PPH between TIPO and JPO or SPTO** both the TW application on which the PPH is requested and the JP or ES application forming the basis of the PPH request shall have the same earliest priority date or filing date.

ii. at least one corresponding US, JP or ES application has one or more claims that have been determined to be patentable by the USPTO, JPO or SPTO;

iii. all claims on file, as originally filed or as amended, for accelerated examination under the PPH must sufficiently correspond to one or more of those claims indicated as allowable in the USPTO, JPO or SPTO; and

iv. the applicant has been notified that a substantive examination will begin shortly, and the TIPO has not issued a first examination report on the application.

Prioritized Examination

The invention patent applicant may also utilize Prioritized Examination to speed up the patent examination. Upon request by the applicant, the TIPO may conduct prioritized examination of the invention patent application if the claimed invention is commercially exploited by a person other than the applicant after the applicant is laid open. To request the Prioritized Examination, relevant documents of proof shall be submitted when filing the request.



Harriet Chen is a patent attorney at Tai E International Patent & Law Office in Taiwan. She counsels clients on intellectual property issues, including patent prosecution and patent strategy in mechanical engineering and design patents.

Costs

With respect to the costs, for requesting the AEP under conditions iii and iv, the official fee is NT\$3,000 (about US\$100). For requesting the AEP under conditions i and ii, PPH and PE, no official fee is due.

Effects

In practice, there are not many cases in which the patent applicants use the prioritized examinations to speed up the substantive examination. However, thousands of TW applications on which the AEP or PPH are requested have benefited from such programs. For the cases requesting the foregoing programs, the TIPO will render examination results within six to nine months.

Based on the statistics of the TIPO, the average examination decision period without requesting the AEP or PPH is 43 months for invention patent application in the year of 2012. The statistics until January of 2015 released by the TIPO show that the average examination decision period is from 72.6 to 141.6 days for the cases requesting the AEP (depending on the conditions applied).



Tai E International Patent & Law Office

9th Floor, No. 112, Sec. 2, Chang-An E. Rd., Taipei 10491, Taiwan

T: +886 2 25061023

F: +886 2 25068147

E: ipdept@taie.com.tw

W: www.taie.com.tw