

## [ Trademark License System and Practice in Taiwan ]

Taiwan joined World Trade Organization (WTO) in 2002 and has complied with TRIP's obligations since then. On the other hand, Taiwan is not a member of the United Nations (UN), and is thus not entitled to be a member state of the World Intellectual Property Organization (WIPO). Taiwan is therefore not obliged to follow the requirements of WIPO. However, due to the economic development of Taiwan and the trend of international harmonization, the Taiwan Intellectual Property Office (TIPO) introduced the idea of Joint Recommendation Concerning Trademark Licenses by WIPO and become a part of the Taiwan trademark license system that was implemented with the revised Trademark Act on July 1, 2012.

According to WIPO, there are three types of licenses: an exclusive license, a non-exclusive license, and a sole license. Per the prevailing Taiwan Trademark Act, it is expressly stipulated that a registered trademark may be licensed by the right holder exclusively or non-exclusively for all or some of the designated goods or services in the entire or specific territory of Taiwan. As for the sole license, TIPO has categorized the same as one kind of non-exclusive license. Namely, a recordal of non-exclusive license could be filed if a trademark owner decides to record a sole license of trademark to another party, but the trademark owner still retains the right to use the trademark in Taiwan. Under such circumstances, the wording "sole license" shall be added in the application when filing a recordal of non-exclusive license with TIPO, as an alternative to the recordation of sole license.

Notably, it is stipulated by the Taiwan Trademark Act that a trademark license shall have no *locus standi* against any third party unless it is recorded in TIPO. If a trademark right has been assigned after a license was recorded in TIPO, the assignee is bound by the licensing contract, i.e. a licensee could still assert the right to use the trademark within the valid duration of the licensing contract. The trademark license is aimed to protect the right of a third party who has the transaction in concern with the said trademark, rather than in defense against the alleged trademark infringer. It is not mandatory to record a trademark license in Taiwan, but even if the license of a registered trademark has not been recorded in TIPO, the trademark will not be revoked merely by the reasons that it has not been recorded the license.

The exclusive licensee of a registered trademark could, in lieu of the trademark owner, exercise the rights of using the trademark and excluding others from using the trademark. Namely, if an exclusive license of the trademark has been recorded in TIPO, the licensee may institute a criminal and/or civil suit seeking remedies, without the consent of the trademark right holder (licensor). These rights are not available to an exclusive licensee who has not been recorded in TIPO, nor to a non-exclusive licensee, no matter the license has been recorded or not in TIPO.

Basically, a certification mark, collective mark or collective trademark cannot be licensed to others due to public interest concerns. Such restriction may be waived if the license is unlikely to injure the interests of consumers or contravene the fair competition, and if it has been allowed by TIPO.

Unless otherwise agreed in a contract, an exclusive licensee is allowed, within the scope of license, for sub-licensing the registered trademark to another person. Whereas a non-exclusive licensee shall not sub-license a registered trademark to another person, without the consent of the trademark right holder or the exclusive licensee.

A trademark license can be filed either by the licensor (trademark right holder) or the licensee. If the recordation is filed by the trademark owner, it is not necessary to submit a photocopy of the license contract between the licensor and licensee (unless specifically requested by TIPO), and such document will be required for an ex parte recordation application made by the licensee.

When filing a trademark license, the applicant shall state the following details in the application:

- Details of the registered trademark, licensor and licensee
- Duration of license with the start date (mandatory field) and end date (optional field, and if the date is not filled in, the duration will be deemed to have an indefinite term, i.e. the license shall continue to be valid whenever the trademark has been renewed, and no renewal of license recordal is needed)
- Exclusive or non-exclusive license
- Territory of license in the entire or partial (to be stated clearly) territory of Taiwan
- License of goods/services in whole or part (to be listed clearly)

Before expiration of a recorded license, if the license is to be ceased, it must have the consent of both parties (the licensor/trademark right holder and the licensee). As such, it is preferable to expressly state in the licensing contract that the trademark right holder has the right to ex parte terminate the license relationship for whatever reasons so as to avoid the cases involved with the trouble of cease of license relationship.