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The Impact of the New Taiwan Intellectual Property Court upon the Practice of Litigating Patent and Copyright Cases

Yachi Chiang

School of Applied Social Sciences

Faculty of Social Sciences

Submitted in fulfilment of the requirements of the degree of

Doctor of Philosophy

May, 2012

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Yachi Chiang

May 2012

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ABSTRACT

The shaping of a modern intellectual property (IP) legal regime has been driven by the forces of globalisation and the respective regional conditions; nonetheless, the commands of globalisation have often conflicted with the requests from regional individualities. Bearing in mind the conflict of a global standard and a local remedy, this thesis uses Taiwan as an example for answering the following questions:

1. How does a country cope with international and national pressures in terms of IP rights and legal enforcement with particular regard to the establishment of the Taiwan Intellectual Property Court?
2. What impact does the Taiwan Intellectual Property Court have upon specific categories of IP litigations, legal practices and legal professions?
3. What impact has the establishment of the Taiwan Intellectual Property Court had in theory and in practice?

The Taiwan Intellectual Property Court was inaugurated, on 1 July 2008, to face the international political and economic pressures, as well as the domestic needs of intellectual property (IP) litigation reforms. The aim of this research is to understand the theory and the practice of the Taiwan Intellectual Property Court. To carry out this research, documentary evidence will be applied using a systematic approach to understand the theoretical framework and background of the Taiwan Intellectual Property Court, and the gap between the theory and the actual practices will be analysed through the use of qualitative interviews with a number of the major players in IP litigations, including: the lawyers, the specialised judges and the technical examination officers.

This first chapter of thesis will begin with an introduction which will provide an overview of this research. The second chapter will offer a global perspective of the different IP courts in the world, in order to examine their respective features, performances and justifications. Subsequently in the third chapter, the evolution of the Taiwan Intellectual Property Court will be presented to determine whether the Taiwan Intellectual Property Court has unique settings when compared to the other parallel parties depicted in the previous chapters. In the fourth and fifth chapters, patent and copyright litigations will be identified as examples to explain how the various types of IP litigations have individual characteristics and how the performance of the Taiwan

Intellectual Property Courts vary, due to the features of the category of litigations. After probing into the impact of the IP courts upon patent and copyright litigations, the sixth chapter will direct attention to the litigation practices and the legal professionals by discussing their views and perspectives on the impact of the Taiwan Intellectual Property Court. Finally in the last chapter, an analytical conclusion of the thesis will be drawn, in order, to integrate the arguments and findings presented in previous chapters and to identify the actual impact of the Taiwan Intellectual Property Court in theory and in practice.

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CHAPTER 1: INTRODUCTION AND OVERVIEW

As defined by Dutfield (2005, p.1), intellectual property rights (IP rights or IPR) are a set of legal and institutional devices which are mainly aimed at protecting the creations of human beings' minds; this intellectual property can affect and mark a product so as to differentiate it from other similar products which are sold by competitors in the market. The internationally accepted IPR currently include: patents, copyright and related rights, industrial designs, trademarks, trade secrets, plant breeders' rights, geographical indications, and rights to layout-designs of integrated circuits; nonetheless, patents and copyrights share the most prominent role in terms of their economic significance.

Until the end of the 19th century, the legal frameworks and reasoning for IP rights were strictly limited by national borders (Sell and May, 2001, p.482). At this time, intellectual properties which were developed as equivalent properties were deemed to be the rewards of an individual's intellectual labour (Locke's labour theory) or justified by economic efficiencies to ensure the best use of resources (May, 1998). Nonetheless, along with the thriving international market, the need to control these intangible assets on the basis of multilateral legal structures emerged. Subsequently, the development of IP laws moved into the multinational framework and two international treaties were invented and adopted by various countries: the Paris Convention for the Protection of Industrial Property (covering patents, trademarks, and industrial designs) in 1883[1], and the Berne Convention of 1886 (for copyright)[2].

If the launch of the multilateral stage for IP laws were mainly directed by Europeans, such as Venice and the UK, then the United Sates (US) led to the birth of the global approach of IP laws in the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) (Sell and May, 2001, p.485). The TRIPS Agreement came into effect on 1 January 1995, at this point, the legal standards for IPR entered a new era (Helfer, 2004). The TRIPS Agreement is the most comprehensive and influential international treaty on IP rights, thus far. It brings intellectual property rules into the framework of the World Trade Organisation (WTO) which obliges all of its member states to satisfy minimum standards of IP protection and enforcement. In other words, to a certain extent, it secures the international harmonisation in the field of legal regimes on IPR (Correa, 2007).

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[1] Available at: http://www.wipo.int/treaties/en/ip/paris/summary_paris.html.

[2] Available at: http://www.wipo.int/treaties/en/ip/berne/summary_berne.html.

In order to reach the consensus among its member states, the TRIPS Agreement not only established a set of universal, minimum IP standards, but it also provides 'flexibilities' that allow member states to take various approaches in response to the regulations stipulated by TRIPS (Deere, 2009, p.2). The regulation and enforcement of IPR, in a certain country, are often used as a trade-off between international mandates and a nation's individual demands. Although the dynamic tension between the international standards and national legal structures has led to evolving IP law making processes among countries in the post-TRIPS stage (Helfer, 2004; Chon, 2005), the TRIPS Agreement remains undoubtedly an important international framework that marks a new global age of IP legal standards.

In the literate of property rights, the term "enclosure" originally referred to the history process to exclude others from landed property (Runge and Defrancesco, 2006, p.1714). Subsequently, the term "enclosure" was expanded to generally refer to the conversion common or open fields into private, exclusive parcels on which sole proprietorship gave rents and/or management decisions to individual owners (Williamson, 1987). It is very worth noting that in recent IP literature, scholars have placed emphasis on the enclosure of the public domain (Benkler, 1999; Lessig, 2004; Boyle, 2002; Boyle, 2003); nevertheless, the enclosure phenomenon has permeated to various aspects of the IP laws. For example, bound by the TRIPS Agreement, the space for countries to set up individual legal regimes and policies has been enclosed by the international obligations (Yu, 2007). In the name of international harmonisation, the developed countries have embedded their preferred notions, such as expanding IP protection and the marrying of IP laws with international trade into the TRIPS framework. Furthermore, the requirement of member states to adopt a uniform standard, set by the TRIPS Agreement, ensures that countries of varying developmental levels have been, more or less, forced to accept the IP legal standards of stronger IP protection led by the developed countries (Yu, 2007; Dutfield, 2005).

The US not only played a leading role in pushing forward a global IP legal framework, but it also provided an example of using a specialised court as an instrument to achieve certain public policies and further link the specialised court for patent litigations with technological innovations and national economic development. In 1982, the Court of Appeals for the Federal Circuit (CAFC) was created to ensure and strengthen its pro-patent public policy (Kastriner, 1991; Silverstein, 1991). Although the CAFC does not represent the earliest model of a specialised court on patent litigations, the instrumental perspective that dominates the operation of the

CAFC undoubtedly provides a very powerful example for other countries to follow given the economic success and the leading role of the US, particularly in terms of IP rights.

Against the backdrop of the international enclosure movement in the global stance of IP rights and the instrumental approach to link IP litigation enforcement with the economic development of public policy, in this thesis the author will argue that the international enclosure, led by the instrumental perspective, has had a profound impact in the field of IP laws and in particular with regard to the specialised IP courts. In the age of globalising the IP legal framework, it is of great interest to explore the new specialised IP Court that is premised on the external values which interact with local litigation practices and legal professionals. The Taiwan Intellectual Property Court (Taiwan IP Court) will be used as an example throughout this paper; it was inaugurated on 1 July 2008 in the face of international political and economic pressures as well as domestic needs for IP litigation reforms (Chung, 2008).

The establishment of the Taiwan IP Court was supported by relevant legislations which were forward by the Legislative Yuan in Taiwan. Soon after its establishment, comments were made by the officials from the Administrative Yuan and the Judicial Yuan to suggest that this IP Court not only enhanced the international image of Taiwan's IP rights protection standard but also improved the efficiency and quality of IP litigations (Wang, 2008). The government of Taiwan stressed their consensus for the importance and rightness of establishing such a specialised court for tackling a specific group of litigations[3]; however, both its justification and its performances require further examination.

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[3] Taiwan Constitution divided the power of the state into five instead of three based on the concepts proposed by Dr. Sun Yat-sen. There are the Administrative Yuan, Judicial Yuan, Legislative Yuan, Control Yuan and Examination Yuan which exercise administrative power, judicial power, legislative power, control power and examination power respectively in Taiwan. Nonetheless, the control power which monitors and supervises other administrative branches is only part of the legislative power in three-power countries, and likewise the examination power that determines the intake of the public servants is part the administrative power. As a result, although the power of the state is divided into five, the Administrative, Legislative and Judicial Yuan are far more important in the operation of Taiwan's government than the Examination and Control Yuan. Therefore, in the case of the Taiwan IP Court, while the Legislative Yuan put the legislations of the establishment of it forward, simultaneously the officials from the Administrative branches and the Judicial Yuan highly value the idea. This suggests that the whole government has reached the consensus that the Taiwan IP Court is more than necessary to this country.

This first chapter of the thesis will be divided into two main parts. Firstly, an introduction will be provided on the background of the external and internal pressures that drove forward the establishment of the Taiwan Intellectual Property Court. Secondly an overview of this specific research will be presented and the research aim, questions, methodology and thesis structure will be identified.

Subsequently in the second chapter a documentary style analysis will be presented to explore the various models of IP courts across the world, examples from Germany, Japan, South Korea and Thailand will be included with regard to the establishing of the specialised courts as well as the performance of these specified courts. The rationales behind the establishment of these courts will be summarised as legal instrumentalism. In contrast, the rule of law ideals, and the evaluation of these courts, will be based on the legal pragmatism approach (Samuels, 1979; Danwitz, 2001; Hubbaard, 2001; Tamanaha, 2005). Finally, their common feature, concerning the intervention of technical experts in the specialised judiciary will be considered at the different levels.

In the third chapter a documentary style analysis will be applied again to consider the evolution of Taiwan's IP Court and its main features. The impact of the international enclosure policy debate in Taiwan will be presented and the participation of technological expertise in the specialised judiciary will also be depicted.

In the fourth and fifth chapters, further documentary style analysis will be used to summarise the main characteristics of patent and copyright litigations with regard to their respective relations with technological advancements and economic values, in order to evaluate the performances of Taiwan's IP Court. In addition, qualitative interviews, with legal professionals, will be presented to analyse the impact of Taiwan's IP Court upon these two litigations. It is argued that due to the varying characteristics of patent and copyright litigations, the relation between the judicial process and the technology of each varies accordingly. The litigation process for patents is the primary battleground for claiming the legal rights entitled to technology and therefore requires a high density of technical expertise; conversely, the copyright litigations play a limited role in supporting the copyright laws to cope with technological challenges. The conclusions of these two chapters will reflect on the symbolism and pragmatism approaches examined in the second chapter in order to finalise the role that the Taiwan IP Court plays upon patent and copyright litigations.

In the sixth chapter, a documentary style research method will again be used to present the views of specialised and non-specialised lawyers, specialised and non-specialised judges, scholars, administrative officials and technical examination officers. In addition, data retrieved from qualitative interviews from 25 lawyers, three specialised IP judges and one chief technical examination officer will be used to examine the impact of the Taiwan IP Court upon legal practices and legal professions. Notwithstanding, there are extensive issues regarding the legal practices and legal professions that are worthy of discussion. Limited by time and data, this chapter will focus on the following two points for further analysis. The first one focuses on the combination of IP cases with varying characteristics in this specialised jurisdiction; the second one focuses on the intervention of technological expertise in the specialised judicial process. In the concluding chapter, the documentary analysis will be used to summarise the arguments and analyses made in the above chapters. In a bid to collate all of the arguments present throughout this paper, a theoretical ground will be provided to conclude the impact of the Taiwan IP Court in theory and in practice.

1.1 Background to this Research

1.1.1 The External Pressure to Create the Taiwan Intellectual Property Court: International Political and Economic Framework

Taiwan is the largest island between Japan and the Philippines, it measures nearly 400 kilometres from north to south and around 145 kilometres from east to west, which is about the same size as Lake Michigan[4]. With a population of about 23 million and limited natural resources, its economic development has relied heavily on international trade. Taiwan has risen from poverty to be the 14th largest trading nation in the world. The country is highly populated but is lacking in natural resources. Taiwan's economic developments have historically been based on industrial transformation and an economic engine which is export-oriented and based mainly on international trade[5].

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[4] See more on About Taiwan, Geography of Taiwan, Taiwan Government Information Office website: http://www.gio.gov.tw/ct.asp?xItem=18690&CtNode=2579&mp=807.

[5] See Economy section of Taiwan, the US Department of State website: http://www.state.gov/r/pa/ei/bgn/35855.htm#econ.

Among all its trading partners, the US has played a leading role in the development of Taiwan. In the early 90s, 90% of Taiwan's foreign currency reserves were earned from the US[6], 20-30% of Taiwan's imports came from the US and 30-40% of Taiwan's exports went to the US. In contrast, Taiwan's exports to the US account for only 5-6% of the US's imports, and Taiwan's imports from the US only account for 3-4% of the exports from the US. In 2003 the People's Republic of China (China) became Taiwan's largest trade partner; however, by 2010[7]: 2% of the US goods were exports to Taiwan (ranked No. 13 among all its trading partners), and 1.9% of the US goods were imports from Taiwan (ranked No. 9). In general, over the past two decades the annual US goods trade deficit with Taiwan has amounted to approximately $10 billion[8]. It is therefore not unfair to conclude that the US has been the most important contributor to Taiwan in developing its economy.

In the context of politics, Taiwan is also highly dependent on the US[9]. Across the Taiwan Strait, China has been claiming Taiwan to be one of its renegade provinces and that it should be united into part of China again since the Chinese Civil War ended in 1949. Against this political backdrop, the communist party that rules mainland China has insisted that Taiwan is not an independent sovereignty and has boycotted most of Taiwan's opportunities to take part in international society as a country. China has constantly voiced to the international society that it is determined to bring Taiwan into the Republic, by force if necessary, and insisted that other countries could not have official links with China and Taiwan simultaneously. However, under the circumstances, Taiwan has still managed to become the biggest trading nation in the Asian area, maintaining more than 20 ally countries which have officially accepted Taiwan's sovereignty. The tension between Taiwan and China has amplified the importance of the diplomatic recognition and military protection that was promised by the US in its Taiwan Relations Act (TRA)[10].

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[6] See Economy section of Taiwan, the US Department of State website: http://www.state.gov/r/pa/ei/bgn/35855.htm#econ.

[7] See Foreign Trade Statistics of the US, at: http://www.census.gov/foreign-trade/statistics/highlights/top/top1012yr.html.

[8] See data available at: http://www.census.gov/foreign-trade/balance/c5830.html.

[9] The following descriptions about cross-straits relations can be seen at: http://www.state.gov/r/pa/ei/bgn/35855.htm#econ.

[10] This act authorises de facto diplomatic relations with the governing authorities and also requires the United States to 'provide Taiwan with arms of a defensive character', and to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardise the

In this political context, and as a result of the international isolation and military threat imposed by China on Taiwan, Taiwan relies heavily on the US to seek peace and security. It has to be stressed that the US plays such an important role in Taiwan's economic and political context that economic sanctions by the US could lead to serious consequences for Taiwan, as such they would not want to compromise this political support as this would make the scenario even more menacing.

Since 1988, the US Trade Law[11] has given the US Trade Representative (USTR) powers to combat unfair trade practices by foreign governments (Tessensohn and Yamamoto, 2005, p.161). Under the powerful provisions of 301 of the Omnibus Trade Competitiveness Act of 1988, the USTR is able to examine its trade partners and release an annual special 301 report which identifies a list of violations, including: barriers to entry, inadequate IP protection and excessive government tolerance of antitrust violations, as such export targeting and unfair labour practices urge trade partners to reform their deficient IP legal practices (Tessensohn and Yamamoto, 2005, p.161). Given that Taiwan depends so heavily on the US in the international economic and political context, it is conceivable that the unilateral pressure from the US could act as a mandatory power. If the terms and conditions of the IP protection in a country are always involved with economic consideration and international politics then this could be problematic (Chang, 1994, p.230). To illustrate, Taiwan is in a more disadvantaged situation, because apart from the standards set by multilateral treaties such as the TRIPS Agreement, it is necessary for Taiwan to secure support from the US in order to assure continuous developments on safe and peaceful grounds.

Leaning against this international political and economic backdrop, Taiwan has been going through a continuous transformation regarding IP regulations in the past few decades, which has turned Taiwan from being the king of piracy and counterfeiting to the strong advocate of strict IP protection (Sun, 1997). This transformation process has been done without any obligations from international conventions, but rather by external factors resulting from the international trade relations and internal factors which have increased self-awareness of the importance of IP protection. To be precise, external forces have urged the Taiwan government to render a transparent, predictable and specialised judicial system that matches the international IP protection

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security, or the social or economic system, of the people on Taiwan. See Article 2 of Section 2 of the Taiwan Relations Act, The full text is available at: http://www.ait.org.tw/en/taiwan-relations-act.html.

[11] The Omnibus Trade and Competitiveness Act of 1988.

standards not only from the US. For instance, the European Chamber of Commerce Taipei publishes a series of Position Papers annually[12]. These papers have addressed the concerns of the chamber's member companies with regards to the business environment in Taiwan. Subsequently, practical recommendations have been proposed to the government in Taiwan for resolving these specific issues, and IP rights are one such issue. Nevertheless, there is no doubt that the US is the most influential party which has played a significant role in pushing Taiwan's IP laws to be in line with their standards by presenting annual Special 301 Reports (Chang, 1995). In addition, Taiwan's efforts to enter into the World Trade Organisation (WTO) actually led the WTO to urge Taiwan to make reforms on substantial IP laws in order to comply with the legal standards in the TRIPS Agreement. Shieh (2009, pp.69-99) identified that, between 1950 and 1990, the number of legal reforms on substantial IP laws was limited; however, in contrast, between 1990 and 2002 and during the process of entering into the WTO, the number and level of reforms observed in Taiwan's IP laws greatly exceeded that of the previous 40 years – this is still on-going to this day.

In addition to the reforms made in the form of substantial laws, the US government further pressed Taiwan to set up its specialised IP Court that was aimed at providing a better legal procedure for IP trials that would comply with international standards. Since 2005, the Office of the United States Trade Representative (USTR) listed the establishment of the IP Court as one of the commitments made by Taiwan to protect its IP rights; this commitment will continue to be examined on a regular basis (Hong, 2008, chap.2). In addition, the European Chamber of Commerce Taipei also clearly suggested in its 2006 to 2007 recommendations that 'Taiwan should realise its plan of setting up a specialised IP Court which has jurisdiction towards criminal and civil cases of copyright infringements as soon as possible' (Zhang, 2007, p4). It seems to be expected by foreign investors that the Taiwan government could render a transparent, predictable specialised judicial system that would accommodate the developments of international IP legal standards. Although the external pressure that urged Taiwan to launch a specialised IP Court might have come from various sources, the US government remains at the top of this list because Taiwan is so dependent on the US in the context of international trade and politics.

In 2005, prior to the establishment of the IP Court and during the fourth discussion on the Trade and Investment Framework Agreement (TIFA) with the US, the Taiwan

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[12] See more information about the Positions Papers published by the European Chamber of Commerce Taipei at: http://www.ecct.com.tw/publications_position.aspx?pcseq=2&cseq=14.

Intellectual Property Office (TIPO) of the Ministry of Economic Affairs (MEA) in Taiwan suggested that 'the decision on founding an IP court would do great help in assuring positive responses from the USA government … and it is optimistic to make Taiwan excluded from the special observation list of 301…' (Zhang, 2007, pp.3-4). In addition, in 2006, soon after the Judicial Yuan and Administrative Yuan presented the drafted proposals of the Intellectual Property Court Organisation Act and Intellectual Property Cases Adjudication Act to the Legislative Yuan, they released the following message to the public even before the proposals were approved by the Legislative Yuan (Hong, 2008, p.13): 'Taiwan would establish the IP Court in March 2007 at best'.

Amongst the international political and economic pressures, the high dependence on political protection and economic trading relations with the US meant that the US undoubtedly had the greatest impact upon the establishment of Taiwan's IP Court. On the inauguration day of the IP Court, Taiwan's Minister of Justice Wang, stated that 'the founding of this IP Court owed thanks to the continuous pressure from the US government' (He, 2008a); the public were surprised by her straightforwardness, however not by her statement. Compared to Minister Wang, the Director of Wang (Wang Mei-hua, Director General of the Intellectual Property Office, under the Ministry of Economic Affairs) was more subtle; Director Wang stated that the US government had played an important role in establishing the mechanism for Intellectual Property Rights (IPR) protection in Taiwan with its emphasis on protecting intellectual property.

Subsequent to Minister Wang's public statement in 2008,on January 16, 2009, the USTR announced its decision on the 2008 out-of-cycle review of Taiwan and removed it from the Watch List, for the first time since 1998 (IIPA Report, 2009) [13]. In the public statement posted by the USTR[14], the decision was concluded on the grounds that Taiwan had improved its IPR and enforcement regime, and the establishment of the specialized IP Court was specified as the first reason for this.

After Taiwan was removed from the list, Wang Mei-hua, the Director General of the Taiwan Intellectual Property Office (TIPO) under the Ministry of Economic Affairs

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[13] See the section of Taiwan on IIPA website at: http://www.iipa.com/2009_SPEC301_TOC.htm.

[14] See http://www.ustr.gov/about-us/press-office/press-releases/2009/january/ustr-announces-conclusion-special-301-out-cycle-re

(MEA) also welcomed the US's decision to remove Taiwan from the Special 301 Watch List (China Post, 2009) by stressing again, to the media, that the establishment of the IP Court on 1 July 2008 marked one of Taiwan's most important achievements in terms of its IPR protection.

The idea of an IP Court in Taiwan was encouraged and prompted by both the US and other regions of the world; however, all the remarks and statements made by high ranking officials in Taiwan, who were closely related to governing IP litigations, indicated that the founding of Taiwan's IP Court should be mainly attributed to the pressure applied from the US.

1.1.2 The Internal Demand for the Taiwan Intellectual Property Court: The Challenges Faced by the Ordinary Courts in Taiwan that were Dealing with IP Litigations

The organisation of the courts and the litigation procedures basically derived from the 'continental strand of thought' due to the regions exposure to various external influences and due to its geographical location and history (Lo, 2006, p.11). Despite transplanting the legal system from other advanced countries, Taiwan does have unique characteristics in its legal culture and system which are based on local traditions, experiences and practices (Lo, 2006).

There are no juries to help decide the facts, no discovery mechanisms are utilised and the laws are codified in the books used which suggests that the judge is only allowed to make individual interpretations which are within their prescribed legal boundaries. There are two court systems in Taiwan. The first is the three-tiered ordinary court system which deals with civil and criminal claims. The second is the two-tiered administrative courts which deal with administrative claims in Taiwan. Notably the ordinary and administrative courts are also expressed as traditional courts in this thesis when compared with the newly established IP Court[15].

While the term 'traditional court' is used in contrast to the 'specialised court', which will be discussed later, the term 'ordinary court' is used on the contrary to the term 'administrative court', which represents the two-tiered system in Taiwan. To

[15] The ordinary courts and administrative courts are both referred to as traditional courts in comparison with the new IP Court because they both follow traditional litigation procedures despite the two courts having different levels.

illustrate, Professor Lo noted that the administrative relief system in Taiwan is unique in the world (Lo, 2006, p.13). Prior to 2000, all administrative claims had to be processed by a two-layered administrative examination system, prior to them being appealed in the Administrative High Court. The system required that administrative claims would need to be reviewed in turn by the administrative body and the higher supervisory administrative body in order to be qualified to be heard in the Administrative High Court. After 2000, the structure of the Administrative Court changed drastically, and there is now the Administrative High Court and the Administrative Supreme Court. The two-tiered administrative examination process was reduced and the administrative body responsible for the first review on the claims serves as the District Court in the first instance. It follows that the Administrative Supreme Court reviews only legal issues in the appealed cases in a similar manner to the Supreme Court in the ordinary court system (Lo, 2006, p.14).

The three levels of the ordinary courts are the District Court, the High Court and the Supreme Court. Usually each county or municipal city has a District Court which serves as the first instance for trials. The rulings of the District Court can be appealed to the High Court, which includes three branches located in different areas of Taiwan under the umbrella of Taiwan's only High Court. All facts and legal issues judged by the District Court are allowed to be reviewed in the High Court while, in contrast, the Supreme Court only reviews the legal issues in the appealed cases submitted and where the value of the civil claim exceeds a certain amount of money (at present the number required is 1.5 million New Taiwan dollars) for them to qualify for review in the Supreme Court[16].

Civil and criminal cases	First instance	District Court
	Second instance	High Court
	Final instance	Supreme Court
Administrative cases	First instance (Appeal)	Administrative High Court
	Final instance	Administrative Supreme Court

Table 1.1: The traditional courts system in Taiwan

Under this framework, the judge plays a significant role in processing the legal trials since he is responsible for conducting all of the procedures which includes determining both the facts and the laws. On the other hand, the judge's power is

[16] Relevant procedural regulations are codified in Taiwan Code of Civil Procedures, the English version is available at: http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0201.asp.

limited by the codified laws which they are not authorised to transcend. The combination of the absence of a jury and the pre-codified laws which are given to a judge in the traditional court in Taiwan are often perceived as balanced with regards to the power of the judge. In fact, when compared to the neighbouring country Japan, which also follows the continental legal system, the annual number of cases in Taiwan is the same as that in Japan, approximately 700,000 cases per annum, yet the population of Japan is four times that of Taiwan (Zhao, 2009).

The workload of a judge is considerable; therefore, the selection mechanism for judges in Taiwan usually has a preference for those with law degrees. An exam is undertaken consisting of a written exam that requires participants to provide answers for questions on various subjects within a limited time. This examination is held on an annual basis and acts as a filtering process to ensure that many candidates are excluded before the second round interview. Participants of the exam are required to hold a law degree or, at least, a relevant degree which has incorporated an equivalent number of law modules during their university studies. In other words, those who hold other degrees are at a disadvantage as they are not likely to be qualified to take the exam in the first place, and it is not easy to pass the written exam without a certain amount of experience or training.

While law graduates are placed in a better position to take the exam, the selection mechanism naturally limits the diversity of the judges' backgrounds. Another issue that is worth noting is that the judges do not begin practicing until they have completed an 18 month training programme. Under these circumstances, law graduates who have little or no practical litigation experiences or limited life experiences will be allowed to make a ruling in the court as long as they pass the exam. The fortunate graduates who pass the exam will be assigned to various divisions of the District Courts, and they are responsible for trials at this first level. For the second level, the judges will be selected from the experienced judges at the District Court level and finally the judges from the High Court usually have the most experience in conducting trials and in making rulings.

The two-tiered litigation system, and that the judges are from a unified law background, are distinguished features of Taiwan's traditional judicial system. The first feature was an obstacle for patent litigations; to illustrate, the validity issues were assigned to the Administrative Courts and infringements issues were heard in the Civil Courts. The second feature was problematic for IP litigations which, in many cases, require high technological expertise for resolving. This will be further

explained later in this thesis with regard to the new features introduced by Taiwan's IP Court.

1.2 An Overview of This Research

1.2.1 The Aim and Scope of the Research

In response to the domestic demands to bring the civil and administrative claims together and to instil technical expertise into the judicial system, the IP Court in Taiwan introduced a concentration of civil, criminal and administrative jurisdictions which were staffed by technical examination officers. The whole idea of a specialised court for hearing IP cases was progressed in a rushed manner by international forces, it is therefore doubtful as to whether this new court has been properly designed and functions well both theoretically and in practice. Therefore, this research aims to identify whether this newly established IP Court fulfils its proclaimed role of improving the efficiency and quality of IP litigations and, if so, how is it achieving this. Considering the limitations of time and resources, this research will focus on probing into copyright and patent related cases. The former is a high profile issue in Taiwan and the collection of enough data for further analysis should be possible; however, the latter is the most influential factor, among all IP rights, as it was attributed as the main reason for founding this specialised IP Court. In particular, copyright and patent cases each possess unique characteristics which help to create further analysis and comparison on the setting of the IP Court and the specific cases.

1.2.2 The Research Questions

The main research objective of this thesis is to explore the impact of the new IP Court upon selected IP litigations and upon relevant litigation practitioners. This exploration should examine and evaluate the justification as well as the performance of the IP Court in the view of the local legal culture. In short, this should provide analysis of how the IP Court is shaping the local legal culture and whether this is justifiable.

The objectives of this research can be further elaborated by the following research questions:

1. What impact has the Taiwan IP Court had on IP litigations? For this thesis, this will focus on patent and copyright cases.

2. What impact does the Taiwan IP Court have upon litigation practices and the legal professions from the view of specialised and non-specialised lawyers, specialised or non-specialised judges, scholars and technical examination officers?

3. What impact has the establishment of the Taiwan IP Court had in theory and in practice?

1.2.3 Methodology

Documentary and qualitative methodologies will be applied, in this thesis, to collect and analyse data. The documentary analysis will include a relevant literature exploration, reports made by the government bodies (especially internal reports recorded by the Judicial Yuan), and statistics from the database of Taiwan's IP Court. The qualitative research methodology, in this thesis, will be in the form of questionnaires which will be answered by interviewees. From March to June 2010, 25 interviews were completed. The respondents were all lawyers from either law firms that take general cases or from specialised IP teams from the leading law firms in Taiwan. From the sample, 14 of the lawyers were specialised in IP legal issues and had litigation experiences from the new IP Court; in contrast, the remainder were lawyers who dealt with general litigations and who had no experience in the new court. In December 2010, with the approval from the President of the Taiwan IP Court, interviews with three IP specialised judges and one technical examination officer were completed[17].

It is worth noting that all of the interviewees asked for no recording devices to be used during the course of the interviews. Therefore, the researcher/author wrote down the information given during the interviews, as much as possible, and summarised their opinions afterwards. The lawyer interviewees noted that they were concerned about the possibility of data being used against them which would have a negative impact upon them in the courtroom. Despite the IP judges worrying, they were reassured

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[17] Special thanks go to my thesis supervisor, Professor David Wall, who kindly assisted by asking the President Gao of the Taiwan IP Court to grant the author access to interview IP judges and technical examination officers. I (the author) very much appreciate President Gao's generous offer of help which allowed the interviewing of three IP judges and the chief technical examination officer. The correspondence between Professor David Wall and President Gao is attached in the appendices.

that they would not be put in a disadvantaged position in the court after speaking about their opinions. They also told the author that recordings would not be allowed since the author could not present any official document that approved the recordings. In the case of the technical examination officers, the author was also told that as they assist the IP judges, any recordings could place them in difficult situations regarding commenting on the operation of the IP Court; it was therefore decided that no recording devices would be used in the hope that more meaningful answers would be obtained.

The interviewees' perspectives varied due to the different roles they play in the IP cases. It is worth noting here that the interviewees were difficult to find – there are a number of reasons for this. With regard to the interviewees from the lawyers group, firstly, lawyers in general tend to be hesitant in expressing their opinions when they are against the litigation procedures that they enforce, as this might harm their practices in the court. Secondly, as the IP Court was only established in July 2008, the number of cases was therefore limited and the number of lawyers with experiences in both the traditional courts and the IP Court were relatively small. Lastly, patent litigations usually involve technological expertise and giant corporations which can afford the litigation costs, thus limiting the number of cases presented to these courts which are usually managed by the leading law firms. All the above resulted in a patent litigation concentration phenomenon in this field, which suggests that most of the cases are in the hands of a few leading law firms that specialise in IP issues both in terms of quantity and importance. With regard to the interviewees from the group of specialised judges and technical examination officers, who have irreplaceable experiences in the practice of IP litigations, the procedures of the interviews were strictly subject to permissions from the IP Court.

Furthermore, other additional and difficult circumstances, including the finding of suitable interviewees, contribute to the choice of this methodology. Firstly, considering that the IP Court in Taiwan was launched very recently and that it is a unique legal establishment, when compared to other specialised courts in the world[18], the relevant literature is very limited and as a result it is difficult to explore its impact upon legal practices and legal professions in Taiwan because this would be based on documentary analysis alone. Secondly, by definition, legal practice means the law in action, and legal professions consist of people who put the law into action; consequentially, it is more reasonable to understand them by adopting empirical research methods.

[18] See the second and third chapters of this thesis.

At the start of this research, three different sets of questions were drafted aimed at interviewing the three main players in the IP Court: lawyers, technical examination officers and IP judges. Although the questions asked to each group vary, the questions focus on the differences observed before and after the implementation of the IP Court in terms of both efficiency and quality[19]. It is worth noting that the lawyers were considered separately to the technical examination officers and the judges. The reason for this is that the lawyers, as main players in the legal practices in the IP Court, were external members of the judicial system. Consequently, their positions naturally encourage them to challenge the court rather than support its features. Comparatively, the judges and technical examination officers are staff of the judicial system, because they are internal staff it is possible that they may support the existent judicial settings and their opinions are more likely to be biased to the agendas proclaimed by the upper levels of the judicial system.

As mentioned, interviews were conducted with 14 lawyers who specialised in IP cases; these lawyers had practical litigation experiences within the new IP Court. In addition, 11 other lawyers undertook various cases and had no particular experiences within the new IP Court. The assumption is made that when lawyers have practical participation in a specific court, they tend to challenge the settings of the court in a fashion to accommodate their own needs, and their perspectives would be more limited because they have limited experiences in taking other cases in the more general and traditional courts. To overcome this concern, interviews were conducted with lawyers working on various cases outside the new IP Court system, in a bid to compare their responses against the opinions made by the specialised lawyers. It should be noted that all of the lawyers asked for their responses to not be recorded and they asked for their identities to remain anonymous, in case their comments towards the new IP Court could have a negative effect upon their future working lives.

In addition to the lawyers, the original plan was to interview a number of IP judges who work within the IP Court and nine technical examination officers who assist the IP judges with regards to technical issues[20]. The combination of civil, criminal and administrative jurisdictions and the introduction of technical examination officers are

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[19] The Questionnaires are attached in appendices.

[20] My original plan was to interview all of the IP judges and the technical examination officers of the IP Court, yet after making a request to the President Gao of the IP Court, I was only given access to three IP judges and the chief technical examination officer. Details of these interviews will be explained further in the sixth chapter of this thesis.

the two most distinguished features of the new IP Court when compared to the traditional courts. This relationship was deemed worthy of further investigation to determine the relations between the IP judges and the technical examination officers, as the latter have technical knowledge backgrounds that are highly related to IP litigations. Given the limited time and resources for this research, this thesis focuses on the combined new IP jurisdiction and the role that the technical examination officers are having when exploring the impact of the IP Court upon legal practices and the legal professions in Taiwan.

As noted, the plan to interview the lawyers was successful; however, the plan to interview the IP judges and technical examination officers was not as successful. The IP Court only allowed limited access; interviews with three IP judges and the chief technical examination officer. It was only with the help of the author's supervisor, Professor David Wall, that these interviews were held. He wrote to President Gao, of the IP Court, seeking assistance; at this point, limited access was granted[21]. Due to the limited number of interviews with the IP judges and technical examination officers, internal reports from the Judicial Yuan which presented opinions from judges from the traditional courts, IP judges and technical examination officers, as well as IP lawyers, were used to support the arguments. An alternative method was to use data retrieved from internal conferences, held by the Judicial Yuan and the IP Court, on the performance of the IP Court; this data included: speeches and opinions made by judges from traditional courts, IP judges, scholars, IP lawyers and administrative officials from TIPO. The data will be presented in order and the results which correspond to the legal culture in Taiwan, as mentioned in the previous sections, will be shown.

1.2.4 Thesis Structure

To answer the research questions of this thesis, in a step by step process, this chapter has firstly provided a general introduction and overview of this thesis. Chapter two presents a general literature review on the idea behind the IP Court, this will illustrate the various models of different IP Courts across the world; Germany, Japan, South Korea and Thailand will be used as examples. Following the descriptions of these IP Courts, Chapter three will chart the evolution of Taiwan's IP Court by identifying its main features. Chapter four and five then look at the impact that the Taiwan IP Court has had upon patent and copyright litigations. Chapter six explores the impact of

[21] See the correspondence between President Gao and Professor Wall in the appendices.

Taiwan's IP Court upon litigation practices and the legal profession by discussing the views of scholars and those practitioners who have implemented these new legal practices in action. The final chapter will present a conclusion to summarise the previous discussions concerning the theories and practices of the Taiwan IP Court.

CHAPTER 2: INTELLECTUAL PROPERTY COURTS

2.1 The Justification of Specialised IP Courts: Legal Instrumentalism and the Rule of Law Ideal

Prior to clarifying the different debates on ‘court specialisation’, it is important to firstly define the meaning of the term. As Baum suggested (2008, pp.1671-5), the term court specialisation has a multi-faceted meaning. To illustrate, the US Supreme Court specialises in judicial decision making, in the sense that it is the only court at this level. Another dimension of court specialisation concerns the geographical perspective which restricts a court’s jurisdiction to a particular geographical area which represents one form of specialisation. All fulltime judges can be considered to be ‘specialised judges’ when compared to part-time judges, in terms of them being a judge. Therefore the term is defined by the context of the topics and the discussions. In this thesis, the term court specialisation refers to its most common meaning which is defined in terms of the jurisdiction which is limited to a specific category of cases. Therefore the term is determined by the narrowness of the case types; as such, the specialised courts adjudicate a narrow range of cases whereas the general courts hear a wider range of cases. The term ‘specialised courts on IP litigations’ is derived from the definition above and, as such, suggests the type of cases the courts specialise in.

Nevertheless, why is a specialised court needed to deal with a particular group of cases when the general courts are in operation? Based on the author’s empirical findings, the justification of specialised IP courts can be summarised into two notions, legal instrumentalism and the rule of law ideal. Tamanaha (2005) provided a concise description of legal instrumentalism and the rule of law ideal. To illustrate, legal instrumentalism refers to an instrumental perspective that perceives the law as an instrument to serve the public good and to change the course of society. On the contrary, the rule of law ideal believes that the government and citizens are bound to obey the law, notably the substantial version of the rule of law ideal insists that evil laws are invalid. It will be further illustrated in this chapter that Germany provides an example of a country that set up a specialised patent court under the belief of the rule of law ideal; while, Japan, South Korea and Thailand are examples which utilised specialised IP courts as instruments to achieve an end, regardless of whether the end

is referred to as litigation efficiency, quality, or national economic developments, or a combination them all.

These two perspectives are also reflected in the theoretical foundations that support the IP laws. The instrumental perspective echoes the utilitarian view that justifies IPR; in contrast, the rule of law ideal corresponds to the non-utilitarian view that focuses on individuals' labour or personalities (Moore, 2009). It is worth noting that the utilitarian view of IP laws places emphasis on the maximum social benefits that they can achieve (Merges, 2011), which may include the economic incentive for individuals to invest or the public access to knowledge. The instrumental perspective of the IP courts places more emphasis on the interests of national economic developments, led by technological competiveness and the international trade advantages, which will be illustrated by empirical examples chosen by the author.

Bearing these notions, of legal instrumentalism and the rule of law ideal, in mind, the following sections of this chapter will present Germany, Japan, South Korea and Thailand as examples to introduce their respective rationales for justifying the founding of their own IP courts. It will be argued and evidenced in the discussion of these various IP courts that a specialised IP Court renders efficient and technologically-supported IP litigation enforcement as an instrument for the country to achieve a successful modern economy.

As the following sections of this chapter will argue, the evaluation of court specialisation, with particular regard to IP litigations, mainly relies on consequential examinations instead of theoretical reasoning. That is to say, legal pragmatism is the foundation that supports the idea of court specialisation; however, further examination is needed to determine the justness of the specialised IP courts.

2.1.1 The Evaluation of Specialised IP Courts: Legal Pragmatism

Based on the instrumental view, it is worth careful evaluation of whether these specialised IP courts have served their purpose. When exploring the arguments in support of, and against, the idea of court specialisation and specialised courts on IP litigations, the author notes that many of the relevant debates largely focus on the evaluation of the practical consequences of each option, rather than the theoretical foundations (Kesan and Ball, 2010; Cossins, 2006; Damle, 2005; Dreyfuss, 1995;

Dreyfuss, 2004; Moore, 2000; Glezebrook, 2009; Altbeker, 2003; Landes and Posner, 2003).

In contemporary legal theories, legal instrumentalism is closely related to legal realism and legal pragmatism (Quevedo, 1985; Posner, 1986). To draw a line between them, legal instrumentalism regards the law as a technique or tool for realising a certain goal in society – it therefore assumes that the law is designed to achieve a specified goal (Aeken, 2005, pp. 67-8). In contrast, legal pragmatism refers to a more pragmatic approach which focuses on practical consequences rather than conceptual ideas. As stated by Posner (2004, p.150):

> 'The core of legal pragmatism is pragmatic adjudication, and the core of pragmatic adjudication is heightened judicial awareness of and concern for consequences, and thus a disposition to ground policy judgements in facts and consequences rather than in conceptualisms and generalities'.

In short, the courts' specialisation is part of the legal enforcement; however, the extent to which it matches the empirical requests and whether it brings the desired litigation efficiency and expertise, in an economic way, is the main concern of this whole discussion. Based on the pragmatic perspective, Kesan and Ball (2010, pp.399-401) categorised the arguments for and against court specialisation into the following four main rationales: firstly, the development of judicial human capital; secondly, the creation of uniform and predictable legal doctrines; thirdly, the impact on and from the political economy of the legal system; and, finally, the gains in efficient management of the courts.

These four rationales provide clear consequential evaluation standards for the establishment of the specialised courts. The development of specialised judicial human capital is believed to help the creation of uniform and predictable legal doctrines, while also improving the efficiency of the courts. Cossins (2006, p.320) suggested that the main argument in favour of court specialisation is to create expertise and, with this expertise, the ability to maintain the consistency of court decisions. That is to say, while miscellaneous litigations can be scattered across different panels within the general courts, it is more likely that a limited number of specialised judges accumulate their expertise regarding specific types of litigation and therefore bring greater coherence in the law. Apart from the expertise, Damle's article (2005) on the models of judicial specialisation summarise the main advantages of court specialisation by taking, as an example, the United States Court of Appeals

for the Federal Circuit that has exclusive appellate jurisdiction over a limited class of cases (most notably patent appeals). Damle (2005, pp.1268-9) stated that this specialised model has been favoured by commentators because the following three advantages: firstly, a specialised court shares their caseload of specific types of litigations with the traditional courts; secondly, the specialised court enhances the quality of judicial decisions; and, finally, a specialised court improves the conformity of judicial decisions in specific areas of litigations. In short, court specialisation has been advocated based on the benefits of its efficiency, expertise and uniformity.

The impact of (on and from) the political economy on the legal system justifies court specialisation from an external point of view. It is suggested that specialised judges are better at understanding the policies underpinning the specific legal issues and are therefore more able to swiftly respond to changes in society (Dreyfuss, 2004, p.770). In addition, specialisation of the courts tends to encourage a level of specialisation in relevant legal professions, which is expected to lead to a more efficient litigation procedure (IPEC Report, 2005, Paragraph 4.2). In addition, a more streamlined litigation procedure and rules, different from those applied in general courts, are also expected to take place in specialised courts, which would all contribute significantly to the efficiency of litigations (Moore, 2000, p.141).

Following these positive impacts, brought by court specialisation, many legal issues that currently go to arbitration might come back into the court system for settling disputes; as such, the specialised courts are more able to respond to emerging trends and prevent the law from stagnation (Dreyfuss, 1995, pp.34-5).

To summarise the arguments presented above, court specialisation is often justified based on efficiency, expertise, uniformity and social policy functionalities. The link between court specialisation and efficiency, expertise and uniformity is usually built upon the practical experiences of the way the courts operate rather than theoretical explorations. Therefore, it is not exaggerating to say that the arguments for court specialisation are dominated by the legal pragmatism approach. Consequently, the justification of whether court specialisation is needed and is necessary should be evaluated based on whether a specialised court for a specific type of litigation is necessary according to the number of caseloads, the level of expertise, the demand of judicial conformity and whether it is related to social policy agendas.

The considerations above also apply to court specialisation for IP litigations, but each of them may be weighed differently. In terms of IP litigations, which often require

technological knowledge in addition to the legal expertise needed for tackling these cases, expertise and efficiency is also much more emphasised than other factors in this area.

Irrespective of the weight of these various factors, the legal pragmatic ideology also dominates the specialisation of IP litigations. The court specialisation on IP litigations is often justified by the shortened duration of trials due to prompt decisions made by seasoned specialised judges; efficiency is led by the different levels of participation from the technical experts. Global reports on the performances of IP specialised courts support this assumption (EC Report, 2006, pp.28-32); furthermore, this research on the four IP courts (which will be illustrated in the latter parts of this chapter) will also provide evidence to this point.

The arguments against court specialisation and specialisation on IP litigations are based on the same pragmatic approach, however they identify the disadvantages instead. While advocates for court specialisation argue that specialised judges accumulate expertise, the opponents argue that over-familiarity with the subject matter can lead to stagnation of the law and that non-specialised judges may actual bring a fresher perspective (Glezebrook, 2009, p.538). In responding to the demands set by the policies, it is also argued that specialised courts may lose their objectivity in ruling on cases (Altbeker, 2003). In addition, while litigants of specialised courts enjoy the efficiency of litigation, it may be perceived as an injustice for ordinary litigants in the face of a discriminative legal system. Another main concern with specialisation of IP litigations comes from the same school of thought for the establishment of specialised IP courts; it may imply an ideological bias born in the minds of specialised judges to rule in favour of IP rights (Landes and Posner, 2003, p.335).

As the legal pragmatism approach is the perspective that underpins the evaluation of court specialisation, in the following section of this chapter and in subsequent chapters, a legal pragmatic perspective will be used as the most suitable approach to evaluate the performances of the specialised courts on IP litigations. It is important to reach this conclusion at this stage because, in the subsequent chapter, the author will analyse the impact of the Taiwan Intellectual Property Court based on its consequential performances after its establishment in order to understand the efficiency, quality (including the conformity and expertise) and the policy it achieves.

2.2 Various Models of Specialised IP Courts

In 2005, the Intellectual Property and Entertainment Committee (IPEC) of the International Bar Association conducted a worldwide survey (IPEC, 2005) regarding the specialised IP courts and the mechanisms adopted by the various jurisdictions.

In the introduction of the survey, the IPEC emphasised the importance of protecting IP rights, this notion has received heightened recognition as world trade continues to increase. It has been stated on the Australian Government Department of Foreign Affairs and Trade website that[1]:

> 'Intellectual property is a valuable asset in today's global trading world, but if rights in intellectual property cannot be adequately enforced, the value of such rights and the incentive to trade them is greatly diminished'.

Nonetheless, IPEC notes that a major problem facing IP owners is the difficulty in effectively enforcing their rights against infringement (Ryan, 2002). The growing importance of IP in a knowledge-based economy reinforces the need for effective enforcement mechanisms.

It is assumed in the IPEC Report (2005) that a specialised IP Court is beneficial for enforcing IP rights and is therefore beneficial to the global trading world for protecting effectively against infringements. Furthermore, it is notable that the IPEC does not distinguish between the need for countries of different developing levels; however, the IPEC's survey does show a variety of choices regarding specialised IP courts or tribunals, adopted in various jurisdictions, which suggests that flexibility is still allowed.

In the survey, the IPEC defines the IP court, in broad terms, as a 'permanently organised body with independent judicial powers defined by law, consisting of one or more judges who sit to adjudicate disputes and administer justice in the IP field'[2]. IP practitioners, judges, policy-makers and public officials were surveyed from 85

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[1] Australian Government Department of Foreign Affairs and Trade, *Enforcement of Intellectual Property Rights*, available at: http://www.dfat.gov.au/ip/enforcement.html.

[2] IP field hereby is referring to patent, copyright and trademark mainly, but also includes trade secrets, rights against unfair competition, and so on.

jurisdictions around the world, the results are summarised as follows (IPEC Report, 2005, Paragraph 2.1):

- Four jurisdictions have developed specialised courts that exclusively hear IP cases[3].
- Eight jurisdictions have developed specialised tribunals that exclusively hear IP cases[4].
- Twenty-nine jurisdictions have courts of general jurisdiction with specialised divisions that exclusively hear IP cases or specialist judges with IP backgrounds and expertise in IP cases[5].
- Six jurisdictions have commercial courts or divisions that hear IP cases in addition to other business disputes[6].
- Fifteen jurisdictions have appellate courts that exclusively hear IP cases and also hear other types of appeals[7].
- Eleven jurisdictions have explored and contemplated the potential of specialised IP courts in their countries either at pre-grant stage or thereafter[8].

These numbers may have changed since the survey was completed in 2006; for example, Taiwan was placed in the last category which considered the potential of specialised IP courts at that time, yet Taiwan is now in the first category with an established court that exclusively hears IP cases.

As a whole, it is noted that the IPEC survey concluded that the specialisation of courts has become a global trend which has aimed at establishing an effective IP enforcement system. Although some specialised courts do not have specialised judges, the survey found that they have: reduced litigation times and costs for litigants,

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[3] Including: Korea, Thailand, Turkey and the United Kingdom. Paragraph 4 of the IPEC survey.

[4] Australia, China, Jamaica, Kenya, New Zealand, Singapore, the United Kingdom and Zimbabwe

[5] Australia, Brazil, Belgium, Canada, Denmark, Finland, France, **Germany,** Hong Kong, Hungary, India, Iran, Israel, Italy, **Japan**, New Zealand, Norway, Pakistan, Panama, Romania, Sierra Leone, Singapore, Slovakia, Slovenia, Spain, South Africa, Sweden, **Taiwan** and the Netherlands.

[6] Austria, Ireland, Portugal, Spain, Switzerland and the Philippines.

[7] Brazil, Chile, China, Colombia, Finland, France, **Germany, Japan, Korea**, Panama, Portugal, Sweden, the Netherlands, the United Kingdom and **the United States**.

[8] Costa Rica, Ecuador, India, Malaysia, Mauritius, Mexico, **Taiwan**, Syria, The Philippines, Ukraine and Vietnam.

increased efficiency, improved precision and the predictability of adjudication, while also providing unification and consistency of the IP legal doctrine (IPEC Report, 2005, Paragraph 2).

The worldwide survey indicates the global phenomenon of IP litigations being more and more prominent in judicial systems. The specialisation in IP litigations were initiated in western countries from the 1960s to the 1990s[9]; however this has been increasingly taken up by Asian countries, one by one, in more recent decades (Harding and Nicholson, 2010)[10]. Hereinafter, cases of IP courts in other jurisdictions will be used as examples for comparison with the IP Court in Taiwan.

In the following sections presented in this thesis, the definition of IP courts will include: specialised courts[11] or specialised appellate courts[12]; in particular, courts that exclusively hear IP cases. In order to make meaningful comparisons, the jurisdictions which have followed the same continental legal system as Taiwan will be included, as they have been cited in the internal reports of the Taiwan Judicial Yuan in the discourse of establishing their IP Court[13]. These selected jurisdictions include:

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[9] For example, the German Patent Court was launched in 1961, the US Federal Circuit Court was launched in 1982, and United Kingdom established the Patent County Court in 1990.

[10] For example, Thailand established its IP Court in 2000, Korea in 1998, Singapore in 2002, Japan in 2005. See more about the trend of setting up new courts in Asia in Harding, A. and Nicholson, P. (eds), *New Courts in Asia*, 2010, New York: Routledge. Especially in chapters 4 and 5. (Chapter 4, 'The Intellectual Property High Court of Japan', written by Matsui, S. Chapter 5, 'Specialised Intellectual Property Courts in the People's Republic of China: Myth or Reality?', by Carter, C.).

[11] According to the IPEC survey, there are four, Korea, Thailand, Turkey and United Kingdom. But Taiwan is now included on the list.

[12] According to the IPEC survey, there are fifteen countries in this category: Brazil, Chile, China, Colombia, Finland, France, **Germany, Japan, Korea**, Panama, Portugal, Sweden, the Netherlands, the United Kingdom and **the United States.**

[13] An internal report on the German Federal Patent Court was released by the Judicial Yuan in 2005, http://jirs.judicial.gov.tw/judlib/EBookQry04.asp?S=U&scode=U&page=4&seq=68, a report on Thailand Central Intellectual Property and International Trade Court in 2005, http://jirs.judicial.gov.tw/judlib/EBookQry04.asp?S=U&scode=U&page=4&seq=66, a report on Japan IP Court and Administrative Litigation Reform in 2005, http://jirs.judicial.gov.tw/judlib/EBookQry04.asp?S=U&scode=U&page=4&seq=65, a second report on German Federal Patent Court in 2007, http://jirs.judicial.gov.tw/judlib/EBookQry04.asp?S=U&scode=U&page=3&seq=49, and the third report on German Patent Court was released on 2010,

Germany, Japan, South Korea and Thailand. The discussion of these four IP Courts will consist of two parts. The first part includes an introduction into the history of the establishment of each country's IP Court and their relevant features, with a particular emphasis on specialised jurisdiction and technical expertise. The second part provides a brief evaluation which is based on their individual performance statistics. It is noted that because the author has limited language skills, which are restricted to English and Mandarin, the information provided by each country for analysis by the author is relatively limited. In addition, the respective history concerning the establishment of each IP Court could result in various volumes of data which would be available to the international audience. Therefore it is noted that the discussion on Japan is relatively extensive when compared to Germany, South Korea or Thailand. The author apologises for not being able to provide a complete and extensive picture of each IP Court; however, the author is confident that the limited data will still provide valuable indicators which will allow for conclusions to be drawn. In the following chapter, a summary will be included in order to compare each example with the evolution of the IP Court in Taiwan.

2.2.1 Germany

2.2.1.1 Introduction

Germany provided a prototype for the IP courts, as amongst the example countries, it was the first to establish an IP Court which had specialised jurisdiction in the specific category of litigations and the combination of legal and technology expertise.

The origins of the German Patent Court can be traced back to the late 1950s (Pakuscher, 1994); before this time, legal proceedings would be terminated after decisions were made by the Patent Office based on subject patent rights according to the Patent Act at that time. An attorney of one petitioner cleverly argued that under the Federal Constitution every citizen should have access to an independent court when his or her rights were infringed. The argument was that even though the Patent

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http://jirs.judicial.gov.tw/judlib/EBookQry04.asp?S=U&scode=U&page=1&seq=15. The United States is the only country that is not included as examples of this chapter but is a theme of a research report released in 2009 of the Judicial Yuan, see <http://jirs.judicial.gov.tw/judlib/EBookQry04.asp?S=U&scode=U&page=2&seq=32> Besides, the settings and main features of Japan IP Court and South Korea Patent Court were frequently addressed in the internal conferences held by Taiwan IP Court in 2009 on the reforms of the IP Court: http://www.judicial.gov.tw/IProperty/.

Act stipulated that the proceedings were terminated at the level of the Patent Office, it would be unconstitutional if the petitioner was not granted access to an independent court. The Supreme Court ruled in favour of the petitioner but the defendant, the Federal Department of Justice, argued that the current general courts were ill-equipped to deal with patent litigations which involved intensive technical matters, urging the German Parliament to render solutions in accordance with the requirements set by the Supreme Court. In response to the request by the Federal Department of Justice, the German Parliament amended the Patent Act and the Bundespatentgericht (the Federal Patent Court) in Germany was established in Munich on 1 July 1961[14].

It can be seen from the history of the Federal Patent Court that its establishment was based on the practical need for judicial reform under the constitutional requests. Despite the rationale backing it, the general instrumental considerations, such as in the use of this Court to achieve certain policy ends, are not clearly related. Conversely, the establishment of the Federal Patent Court originated from the rule of law ideal, where equal access to an independent court was stipulated in the constitution. The pure rule of law ideal that supported the founding of the Federal Patent Court is unique when compared to other examples illustrated in this chapter. Furthermore, the fact that its establishment dates back to 1961 illustrates that the international pressures for an efficient and harmonised IP enforcement had not even taken place, as yet (Yu, 2007; Dutfield and Suthersanen, 2005).

This Federal Patent Court has jurisdiction over rulings on appeals against decisions made by sections and departments of the German Patent and Trademark Office. Furthermore, this court has jurisdiction over actions for declaring the nullity of German patents and of those European patents that are effective in the Federal Republic of Germany. In addition, the court adjudicates on actions for the granting or withdrawal of compulsory licenses or for adjustments of the remuneration for a compulsory licence set by a judgement. Finally, the court decides on appeals against decisions made by the opposition boards of the Federal Office for Plant Varieties[15].

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[14] The information is available at: http://www.bpatg.de/cms/index.php?lang=en.

[15] Available at:

http://www.bpatg.de/cms/index.php?option=com_content&view=article&id=2&Itemid=8&lang=en.

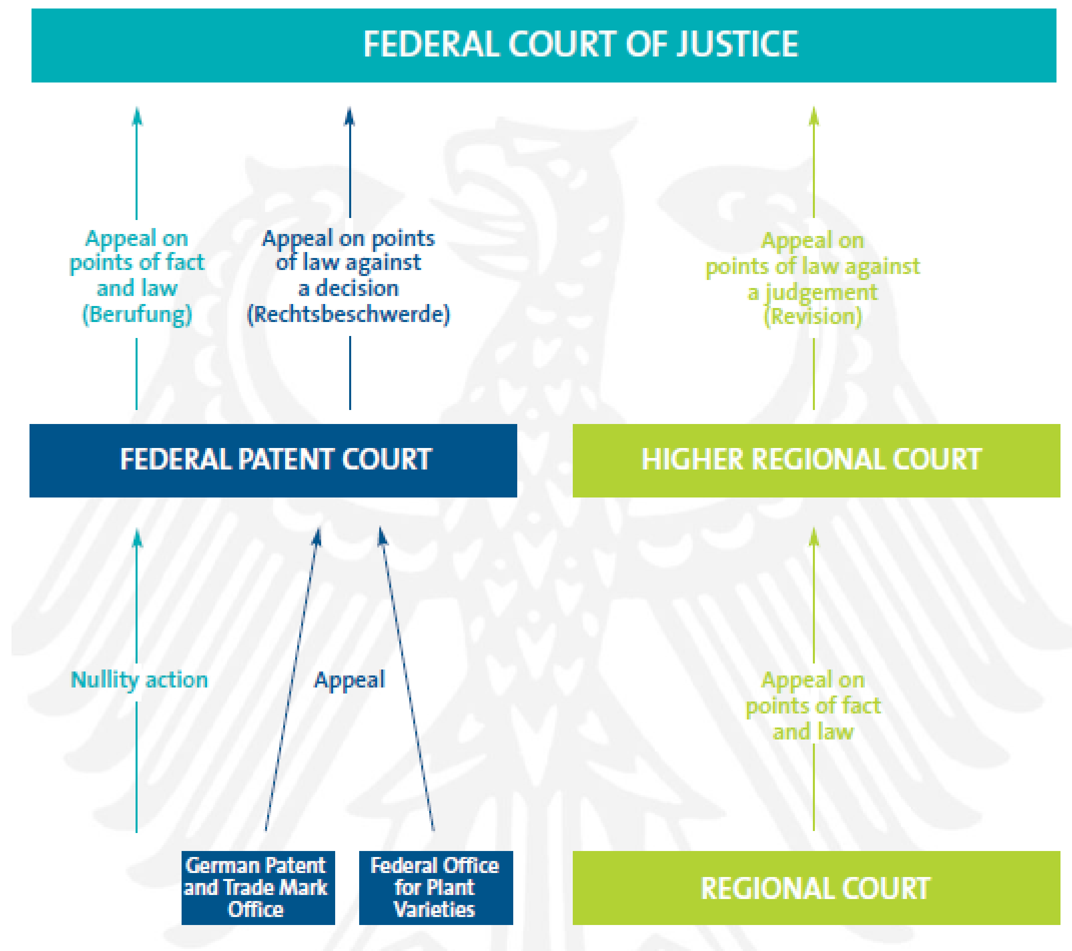

Figure 2-1*:* The Judicial Structure of Litigations in Germany

As shown in ***Figure 2-1*** above, after the implementation of the specialised Federal Patent Court, IP litigations in Germany were divided into two groups. The specialised Federal Patent Court which only adjudicates on cases involving grants (registration) or denial of property rights (patents, trademarks, utility models, topographies, designs and plant variety protection rights). For valid patents, infringements and licence cases are heard in the District Courts of Civil Law (Landgericht). If litigants wish to argue for the validity of the patent at issue, then they should file the litigation at the specialised Federal Patent Court (BPatG – Bundespatentgericht) (Cremers, 2009, p.183).

The President of the Federal Patent Court emphasised this special feature and stated (The Federal Patent Court, 2009b, pp.3-4) that the judges:

> '… have degrees in a technical subject or in one of the natural sciences and, as well as having gained professional experience in their specialist field, have legal expertise in the field of patent law. Since they are experts in one particular technical field, the Federal Patent Court generally has no need to call in external experts. That, firstly, leads to proceedings being cost-effective and swift. Secondly, it is the cooperation between judges with a legal and judges with a technical background that accounts for the special quality of the decisions rendered by the Federal Patent Court '.

There are 118 judges of the Federal Patent Court, they sit on 30 boards[16]: six nullity boards, 14 technical boards of appeal and eight boards of appeal for trademarks, one juridical board of appeal (shared with one of the nullity boards), one board of appeal for utility models and one board of appeal in plant variety cases. The most distinguished feature of the Federal Patent Court compared to other courts in Germany, is the diversity of the judges' backgrounds. Not only lawyers, but also natural scientists can qualify to be judges of the Federal Patent Court. Judges with natural science backgrounds are titled as a 'Technical Judge'. Like other legally-qualified members, they are professional judges appointed for life and have all the rights and duties of a professional judge. The technical judges can sit on all cases which are also related to the properties of a technical invention; for instance in proceedings for the grant of a patent or on an action for the declaration of patent nullity, as well as in cancellation proceedings relating to utility models. By contrast, the board of appeal for all trademark proceedings sit exclusively with legally-trained members.

As of 31 December 2009, the Federal Patent Court's (2009a, p.192) statistics showed that they had a total of 118 judges. At this date, the group composed of 28 female and 90 male judges (2008: 29 female and 89 male judges), of whom 65 had technical backgrounds and 53 had legal backgrounds (2008: 61 technical and 57 legal members). A total of nine judges were newly appointed at the Federal Patent Court in the year under report: one judge with legal training and eight technical associate judges.

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[16] Data retrieved from the website of the Federal Patent Court of Germany, available at: http://www.bpatg.de/cms/index.php?option=com_content&view=article&id=3&Itemid=12&lang=en.

2.2.1.2 Performance Statistics

	Nullity Boards	Juridical Board of Appeal	Technical Boards of Appeal		Boards of Appeal for Trade Marks	Board of Appeal for Utility Models	Board of Appeal in Plant Variety Cases	Total sets of proceedings (Columns 1-7)
			Appeal proceedings	Opposition proceedings				
	1	2	3	4	5	6	7	8
2006								
received	221	53	694	676	1,216	80	–	2,940
settled	199	65	587	452	1,895	82	–	3,280
still pending	351	83	1,953	2,169	2,444	91	–	7,091
2007								
received	234	48	588	6	1,044	87	–	2,007
settled	235	54	563	435	1,704	79	–	3,070
still pending	350	77	1,978	1,740	1,784	99	–	6,028
2008								
received	275	47	750	1	961	113	–	2,147
settled	237	44	610	452	1,471	85	–	2,899
still pending	388	80	2,118	1,289	1,274	127	–	5,276
2009								
received	228	61	683	9	1,068	141	–	2,190
settled	227	57	549	464	1,190	83	–	2,570
still pending	389	84	2,252	834	1,152	185	–	4,896
2010								
received	255	58	598	8	1,465	55	1	2,440
settled	242	30	652	356	1,196	121	0	2,597
still pending	402	112	2,198	486	1,421	119	1	4,739

Figure 2-2: The Number of Caseloads of Main Proceedings in the Federal Patent Court from 2006-2010 (The Federal Patent Court, 2010, p.138)

Appeals on points of law filed with the Federal Court of Justice (2008)

			Technical boards of appeal	Boards of appeal for trade marks	Board of appeal for utility models	Juridical board of appeal
Decisions issued by the Federal Patent Court*	1,409 cases	of which	660 cases	684 cases	42 cases	23 cases
An appeal on points of law was admitted to the Federal Court of Justice	24 cases	of which	8 cases	12 cases	2 cases	2 cases
The admissible appeal was filed	16 cases	of which	7 cases	8 cases	1 case	0 case
An appeal on points of law without leave was filed	16 cases	of which	9 cases	5 cases	2 cases	0 case

*= Number of cases dealt with by a decision on the merits or by court settlement

Figure 2-3: Appeals on Points of Law against Decisions made by the Federal Patent Court in 2008 (The Federal Patent Court, 2009b, p.20)

Decisions on appeals rendered by the Federal Court of Justice (2008)

	Technical boards of appeal	Boards of appeal for trade marks	Board of appeal for utility models	Juridical board of appeal
Granted	1	4	1	-
Dismissed	11	21	3	4
Others	1	11	-	-

Figure 2-4: Decisions on Appeals Rendered by the Federal Court of Justice in 2008 (The Federal Patent Court, 2009b, p.21)

These diagrams were retrieved from the Federal Patent Court's brochure, ***Figure 2-2*** shows that in the last five years the number of pending cases at the end of the year has been reduced. ***Figure 2-*** shows that in 2008, there were 1409 cases presented to the court, of which only 24 cases (less than 2%) were appealed on points of law with the Federal Court of Justice, and of these only 16 were admitted for appeal (two thirds of the cases appealed). In addition, ***Figure 2-4*** shows the 57 cases decided by the Federal Court of Justice on appeals against the Federal Patent Court, from these only six of them were granted (around 10%) and 39 were dismissed (more than 60%). ***Figure 2-2*** shows that the efficiency of the specialised court has progressed, ***Figure 2-3*** shows the litigants are mostly satisfied with the rulings rendered by the court, and ***Figure 2-4*** shows that very few rulings, made by the Federal Patent Court, were rejected by the Federal Court of Justice. As a conclusion, the overall performance presented by the above statistics supports the efficiency and the expertise of the Federal Patent Court.

2.2.2 Japan

2.2.2.1 Introduction

It has been suggested that the IP reform in Japan is based on the idea of transforming Japan into an 'IP-based nation' so as to win economic advantages in the world following the example set by the US (Ono, 2005, p.463). Suffering severely as a result of the economic downturn which became known as the 'blank 10 years' (in the last decade), Japan was determined to move from a manufacturing based economy to an IP-based one (Ono, 2005). Initially there had been a wide discussion with regard to tackling patent litigations and copyright piracy (Ono, 2005, p.463). It is noted that Japan's reform on IP litigation was initiated on economic grounds in the face of domestic economic deterioration and rapidly developing neighbours such as China. In comparison to the way that Taiwan pushed forward the IP Court as a result of pressure from the US, Japan decided to follow the US system because they rationalised that the current achievements of the US were as a result of realising their IP results which supported the economy. The law for the establishment of the IP High Court was enacted in June 2004 and the IP High Court has been operational since April 2005 (Ono, 2005, p.476).

In the law that created Japan's IP High Court, it stated that 'specialised knowledge is required for hearing' (Ono, 2005, p.476). Pursuant to Article 2 of the law, the IP High Court has jurisdiction on the following issues (Ono, 2005, p.476):

‘(1) of an appeal from a final decision of a district court as a first instance, when a case is related to patent rights, utility model rights, industrial design rights, trademark rights, rights of layout-designs of integrated circuits, publication rights, neighbouring copyrights, or rights of seed or plant breeders, or a case involves trade secret infringement by unfair competition (as defined in Article 2(1) of the Unfair Competition Prevention Law), provided that specialised knowledge is required for hearing;

(2) of an appeal in a case pursuant to Article 178(1) of Patent Law, Article 47(1) of the Utility Model Law, Article 59(1) of the Design Law, or Article 63(1) of the Trademark Law (including as applied pursuant to the Article 68(5);;

(3) in addition to the foregoing (1) and (2), of an appeal in a case which requires specialised knowledge of IP for reviewing the main issues; or

(4) of an appeal in a case which oral hearing must be consolidated with actions of (l), (2) or (3).’

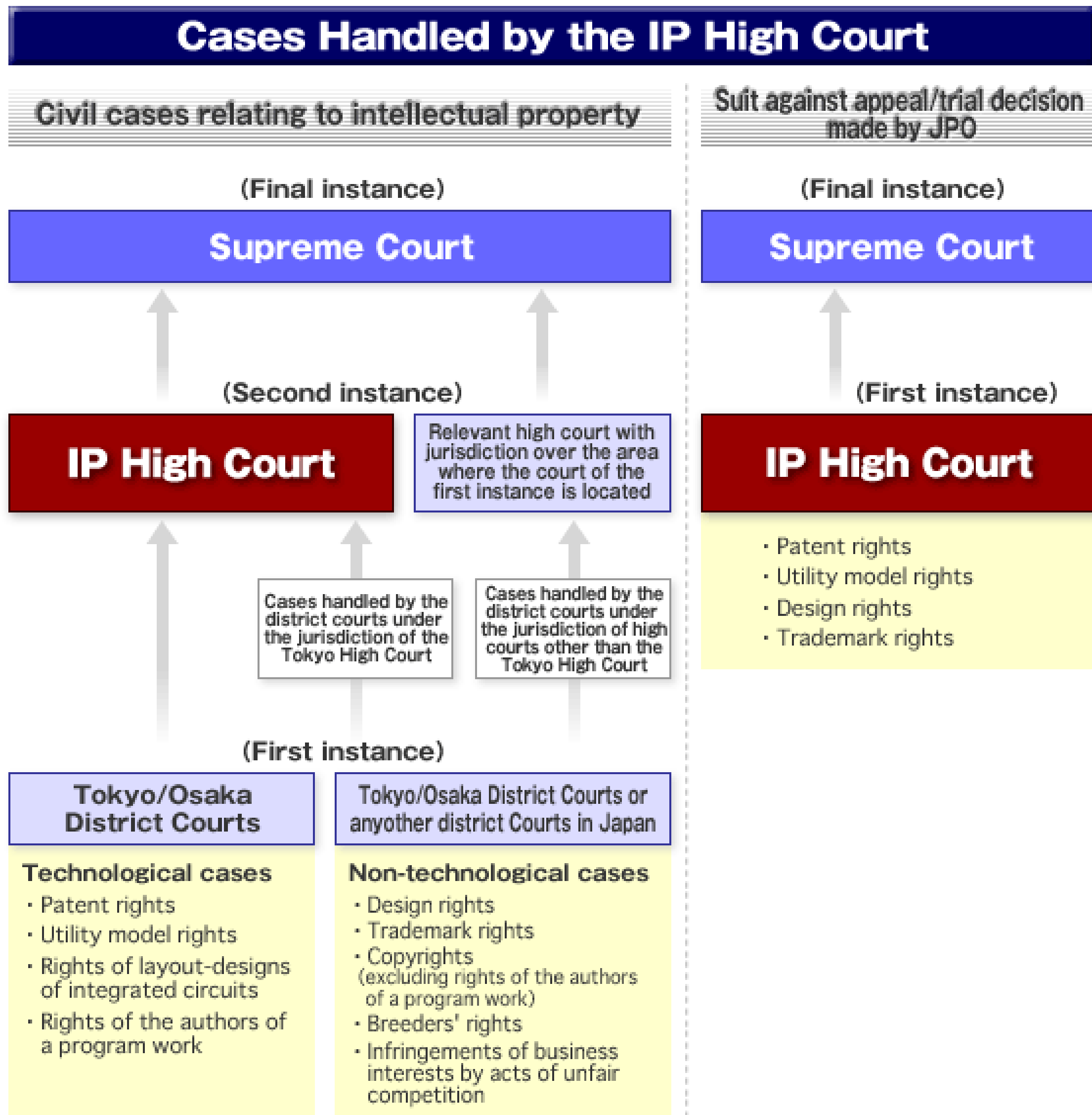

Figure 2-5: Cases Handled by Japan's IP High Court[17]

[17] The information is provided on the website of Japan IP High Court, available at: http://www.ip.courts.go.jp/eng/aboutus/jurisdiction.html/.

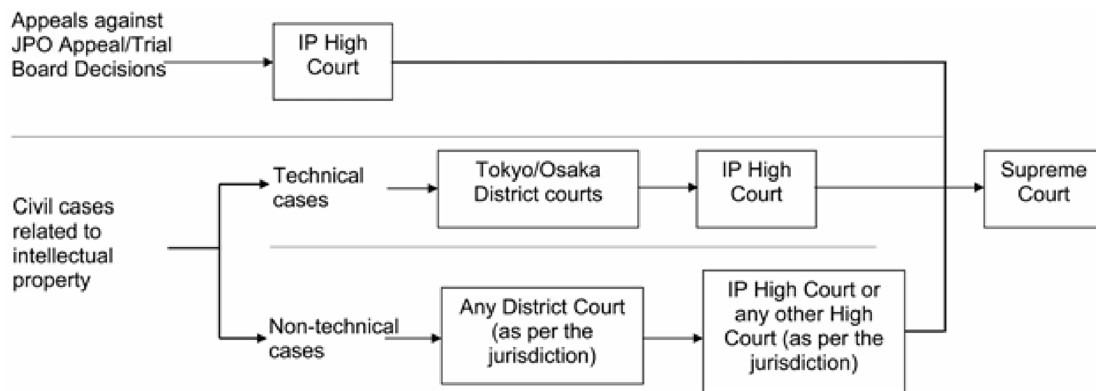

Figure 2-6: The Judicial Structure of Japan's IP Litigations (Paturu et al., 2007, p.2)

The proposal to create an IP High Court had originally been based on several proposals (Ono, 2005, p.478) to unify the diversity judgement, to speed up IP litigation proceedings and the 'announcement effect' of declaring domestically and internationally Japan's policy focus on IP. Nevertheless, it is argued that nothing but the last rationale survived the process. The first rationale was imported from the discussion on the creation of the US Federal Circuit Court, but there was relatively little diversity in judgements, thus there was no serious need to make the judgements uniform. The second rationale was achieved as a result of the substantial concentration of the jurisdiction, but not from the creation of the IP High Court in itself (Ono, 2005). From the claims presented in these proposals, it is clear that the founding of the Japan IP High Court is a perfect example from the legal instrumentalism perspective. The IP High Court is valued as a tool to achieve domestic pragmatic purposes, including both the symbolic and pragmatic functions of the judicial reforms, IP policies and economic developments.

There was a double-layered procedure concerning validity judgements and infringement judgements (Ono, 2005, p.482) in Japan; this was very similar to the two-tiered problem in Taiwan. It suggests that validity judgements and infringement judgements have historically been separated between Japan's Patent Office (JPO) and the Judicial Courts respectively. The two previous opposition procedures, namely the trial for invalidity and the opposition trial, were integrated into a single trial for invalidity, effective as of 1 January 2004 (Ono, 2005, p.484).

Apart from the merger that emphasises the streamlining of the litigation procedure, the importance of technological expertise was also emphasised in the IP litigation reform in Japan. However, contrary to the introduction of technical experts in Taiwan, Japan adopted few alternative measures with regard to this issue (Ono, 2005,

p.489). Japan chose to expand the role of research officials and introduced technical advisors. In other words, this resulted in expanding the role of the internal research officials to assist judges with technical matters and also introduced external technical experts to take part in litigations that involved high tech issues. The role of the research officials at the IP High Court was explained by the Chief Judge of the IP High Court as:

> 'The judicial research officials support the judges by conducting research on technical matters necessary for the trials and other judicial proceedings of the suits against appeal/trial decisions made by JPO, over which the IP High Court has the jurisdiction as the court of first instance, and the appeals from District Courts in civil cases relating to patents and utility models' (Shinohara, 2005, p.138).

In contrast to the technical advisors, the judicial research officials have a history of more than 50 years and their style of operation, including the cooperative work style with the judge who presides over the preparatory proceedings and research papers, seems to be an established principle in its framework (Shinohara, 2005).

Traditionally, retired patent examiners and appeal examiners of JPO (in the mechanical, chemical and electric fields) are assigned as judicial research officials. These research officials work in the same office, the Researcher's Office, and they are assigned to various cases on a case-by-case basis (Shinahara, 2005). Conversely, the technical advisors are part-time officials who are appointed by the Supreme Court as experts with relevant scientific knowledge and experience[18]. Upon appointment, they are given the status of a court official. However, unlike ordinary court officials, they serve as a court official only when they are selected as technical advisors and thereby participate in court proceedings. Technical advisors belong to a court as designated by the Supreme Court, and the court selects and assigns technical advisors to appropriate cases. Their term of office is two years. Technical advisors, depending on the decision of a court, participate in either proceeding for clarifying issues and evidence, evidence examination proceeding, or settlement conferences. Among these proceedings, the advisors usually participate in the proceedings for clarifying issues and evidence, which is called 'preparatory proceeding for oral

[18] Please see the information provided on the website of the IP High Court in Japan: http://www.ip.courts.go.jp/eng/documents/expert.html.

argument', and they provide oral explanation on technical matters in the proceedings[19]. Research officials conduct research on necessary matters, as ordered by the court, and they report the research results, with the technical advisors providing easy-to-understand explanations on scientific matters; it is noted that both of their opinions and research results may not be adopted as evidence[20].

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[19] Please see the information provided on the website of the IP High Court in Japan: http://www.ip.courts.go.jp/eng/documents/expert.html.

[20] Please see the information provided on the website of the IP High Court in Japan: <http://www.ip.courts.go.jp/eng/documents/expert.html, answer of question7>.

2.2.2.2 Performance Statistics

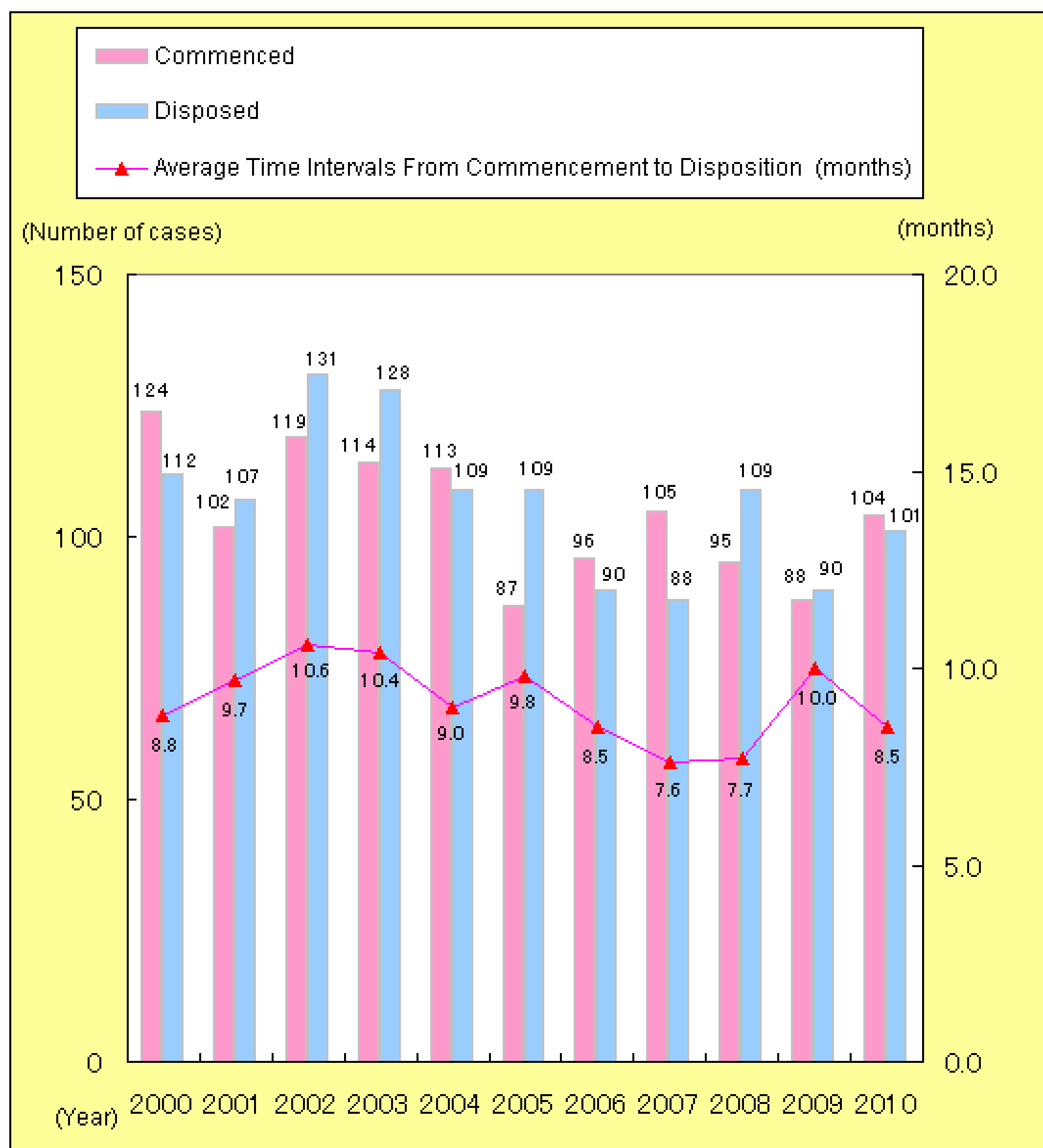

Figure 2-7: Number of Intellectual Property Appeal Cases Commenced and Disposed, and the Average Time Intervals from Commencement to Disposition[21]

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21 Please see the information provided on the website of the IP High Court in Japan: http://www.ip.courts.go.jp/eng/documents/stat_01.html.

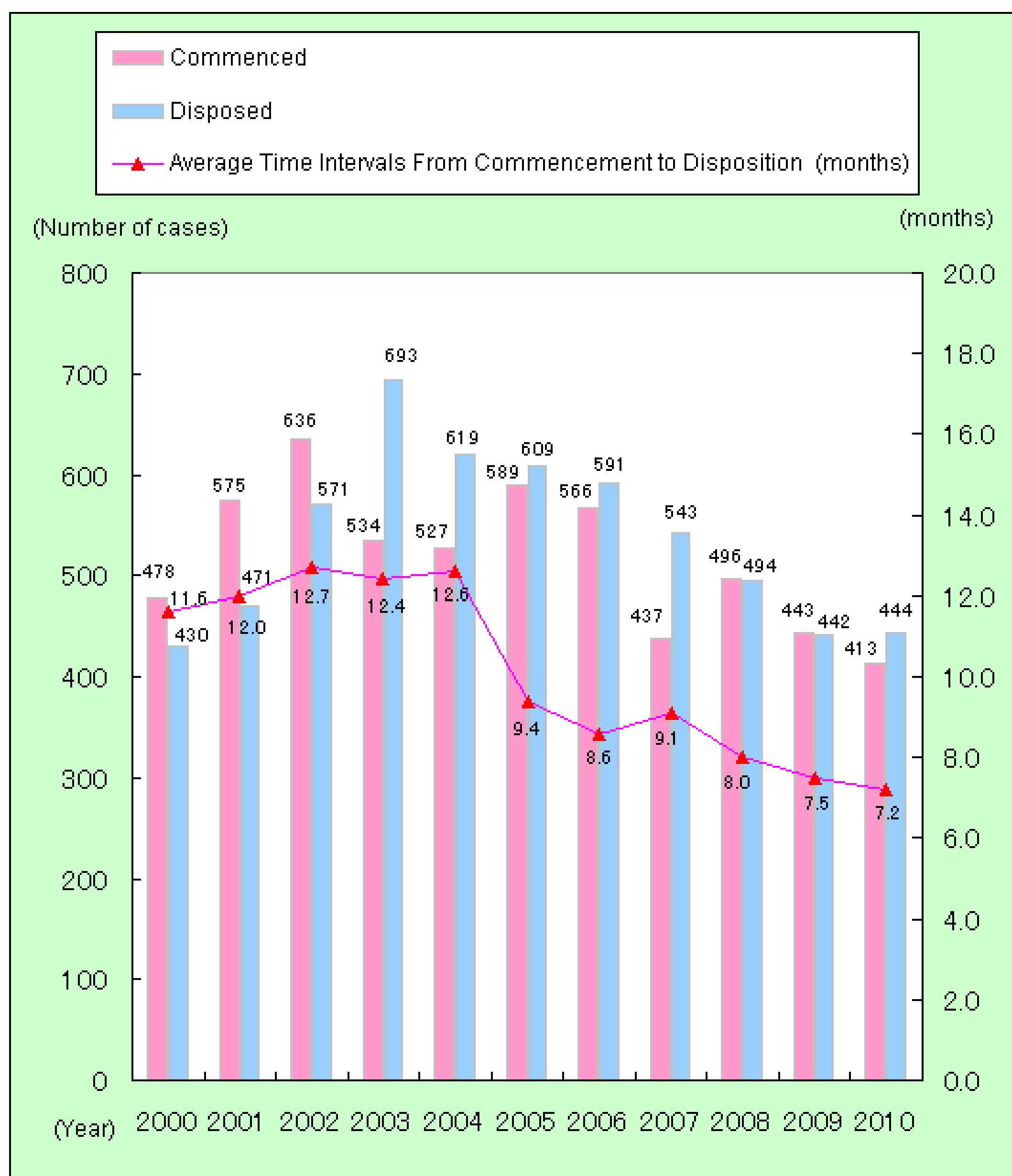

Figure 2-8: Number of Suits Against the Appeal/Trial Decisions made by JPO Commenced and Disposed, and the Average Time Intervals From Commencement to Disposition[22]

[22] Please see the information provided on the website of the IP High Court in Japan: <http://www.ip.courts.go.jp/eng/documents/stat_02.html>

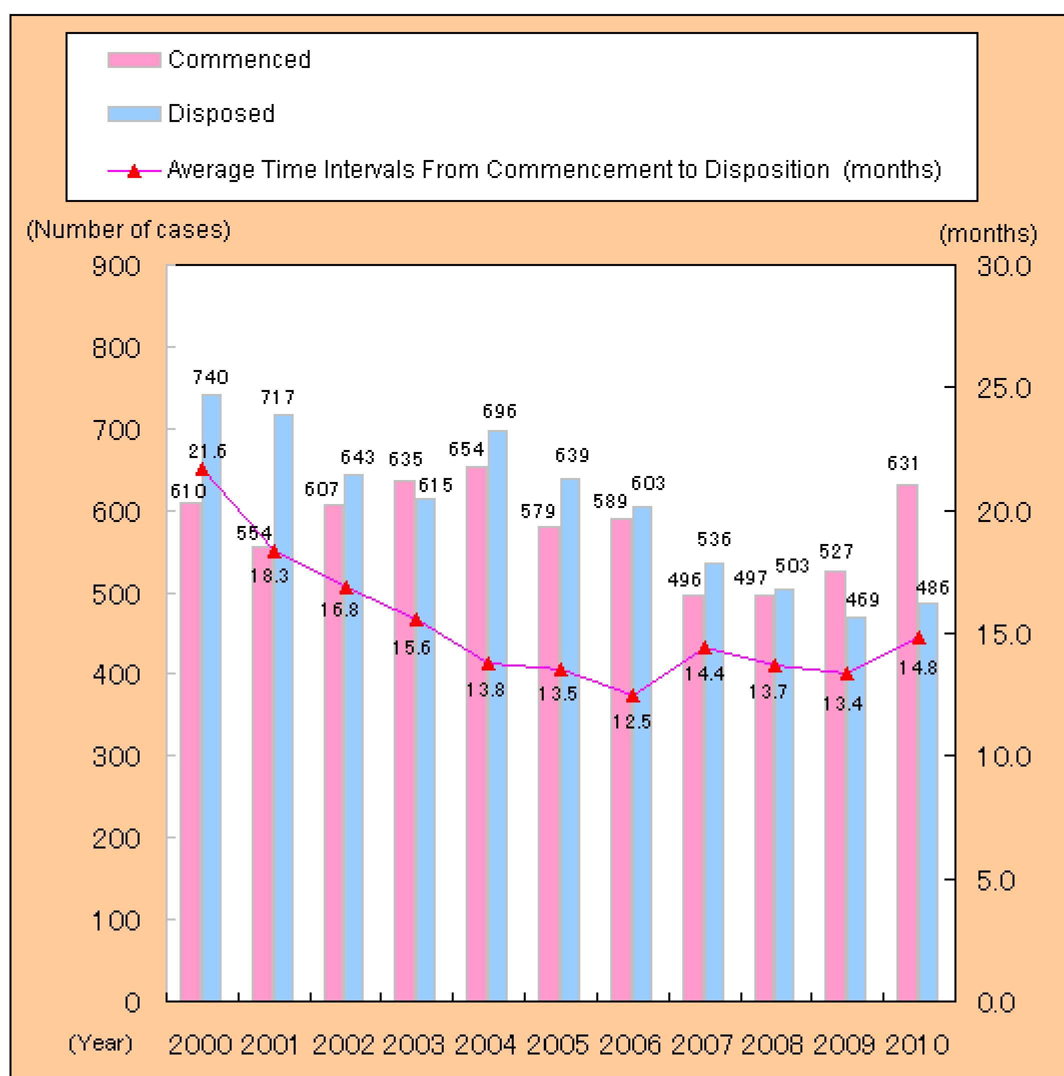

Figure 2-9: Number of Intellectual Property Cases Commenced and Disposed, and the Average Time Intervals From Commencement to Disposition[23] (Courts of First Instance: All District Courts)

23 Please see the information provided on the website of the IP High Court in Japan: http://www.ip.courts.go.jp/eng/documents/stat_03.html.

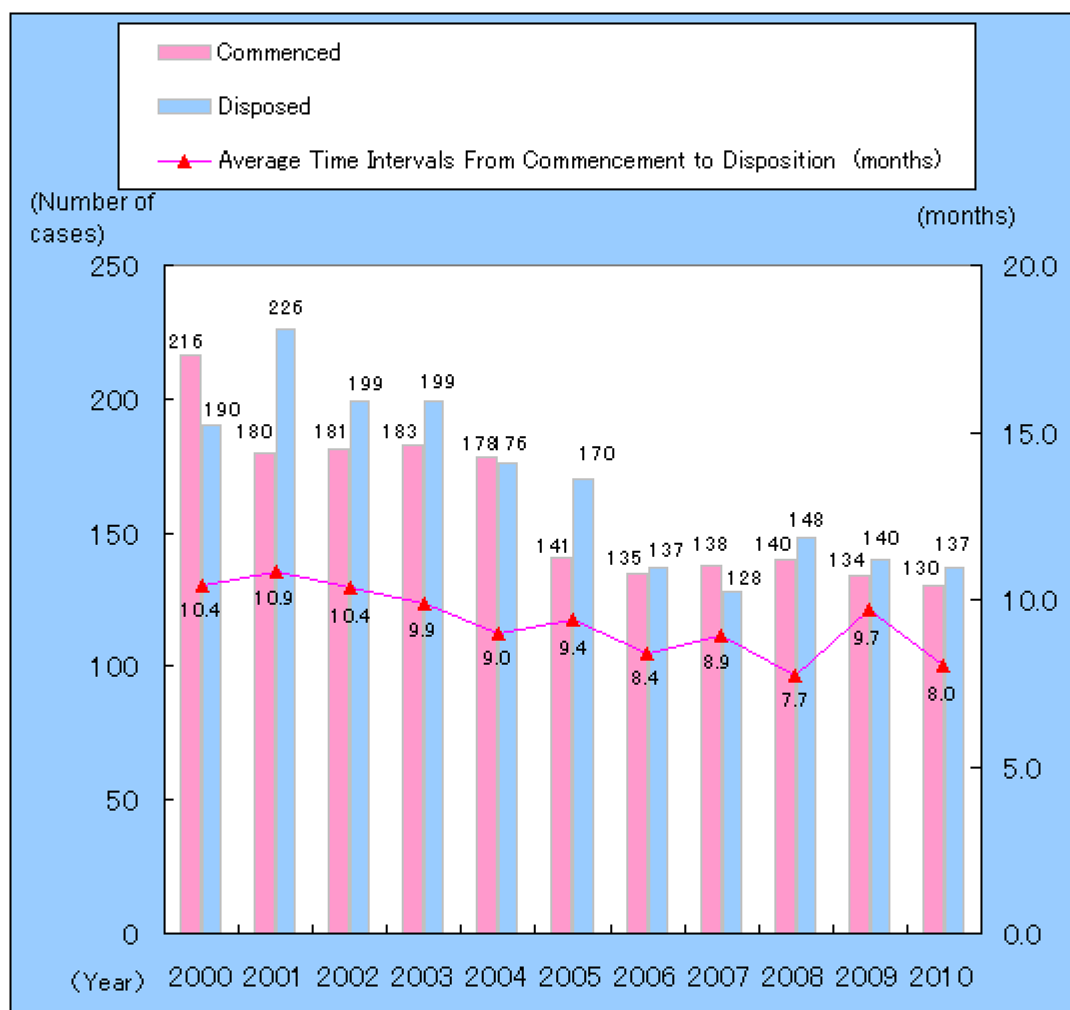

Figure 2- 10: Number of Intellectual Property Appeal Cases Commenced and Disposed, and the Average Time Intervals from Commencement to Disposition[24] (Courts of Second Instance: All High Courts)

According to the figures above, ***Figure 2-7*** indicates that the cases which commenced in the IP High Court, with it acting as a second instance court, dropped from three digits in number to two digits since 2005 – this was precisely the year that the specialised High Court was established. From 2005 to 2010, the cases which commenced in the IP High Court, as a second instance court, remained between 110 and 90; the time intervals from commencement to disposition also remained less than 10 months since 2005.

Figure 2-8 shows the performance of the IP High Court at dealing with appeals against the JPO, which is the main purpose of this specialised court. It is noted that

[24] Please see the information provided on the website of the IP High Court in Japan: http://www.ip.courts.go.jp/eng/documents/stat_04.html.

since 2005, the annual number of cases disposed in the IP High Court has been higher than the number of cases commenced in it. The time intervals from commencement to disposition dropped sharply from around 12 months to 9.4 months in 2005, and continued to reduce to 7.2 months in 2010.

Figure 2-9 indicates that in the District Courts, the number of IP cases that commenced has dropped gradually from 2005 and so has the time intervals from commencement to disposition. Nevertheless, the average time spent on a case was around 14.8 months in 2010, four months more than when the IP High Court acts as a second instance court, and seven months more than when the IP High Court acts as a first instance court that hears appeals against decisions made by JPO.

Figure 2-10 shows the data regarding IP litigations proceedings in all of the High Courts; it is obvious that the number of cases in the High Courts has dropped since 2005. Also noticeable is the time intervals from commencement to disposition, this has reduced slightly from more than 10 months to 7.7 and 9.7 months on average, since 2005.

These statistics indicate that the establishment of the IP High Court has greatly improved the efficiency of the courts, specifically on cases against JPO decisions which require high expertise on technological issues. In general, while the IP High Court acts as a second instance court for IP litigations, the progress in efficiency is not as apparent when compared to the general High Courts. Nevertheless, the effects on the District Courts and the High Courts are positive; it is assumed that because those cases with relatively difficult technical issues have been transferred to the IP High Court, the average efficiency on IP litigation proceedings in general courts has therefore benefited. As a conclusion, the establishment of the specialised IP High Court has proved to be beneficial to both cases that require high technological expertise and those that do not.

2.2.3 South Korea

2.2.3.1 Introduction

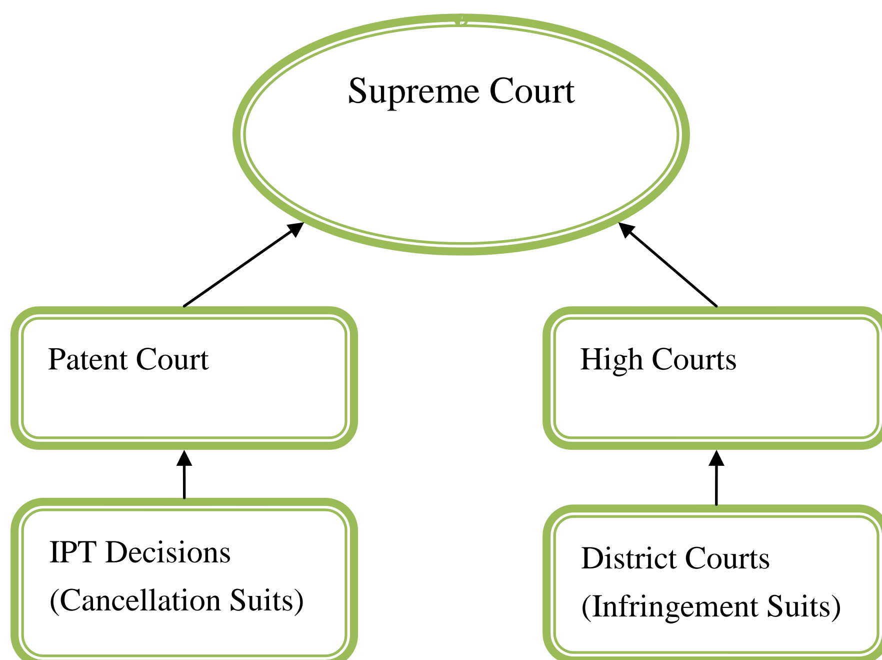

Figure 2-11: The Judicial Structure of Korean IP Litigations (Kim, 2006, p.2)

The establishment of a specialised IP Court in Korea is similar to that observed in Germany (Choe, 1999). Under the old systems in Korea an action for patent infringement was tried under the jurisdiction of the Civil Courts, and the validity of a patent could not be considered in an infringement case. Since it is difficult for traditional judges to make decisions on validity issues due to lacking technical knowledge, after the Trial Board of the Korean Industrial Property Office (KIPO) rendered an unfavourable decision, parties could make an appeal to the Appellate Patent Board, and further to the Supreme Court. In short, patent validity decisions were made by the Boards of Patent Trials within the KIPO, before appeals were made to the Supreme Court. Nonetheless, the Korean Constitution guarantees citizens the right to access a court which is presided over by a judge. Therefore, in 1993, the Supreme Court of Korea asked the Constitutional Court to decide whether this limitation in the scope of judicial review on patent validity cases was constitutional. While the constitutional review was still pending before the Constitutional Court, the legislature decided to establish the Patent Court.

It is intriguing to note that at the time of its establishment, the Korean Patent Court was rationalised by the rule of law ideal, nevertheless, as time progresses, it will be argued in the performance section that instrumentalism steps have begun in more recent years. The shift in rhetoric, regarding its rationale, to some extent reflects the schedule of international enclosure from the harmonised instrumental view of the IP legal framework pushed forward by the TRIPS Agreement (Yu, 2007; Dutfield and Suthersanen, 2005).

In March 1998, a specialised Patent Court was established in Korea in order to meet the new demands of the era of information and technology[25]. Similar to Germany and Japan, the IP litigations in Korea are based on a two-tier litigation system. Although damages and injunctions against patent infringement are litigated in the general Judicial Courts, invalidity of patents should first be filed with the Intellectual Property Tribunal (IPT) at the Korean Industrial Property Office (KIPO), and the specialised Patent Court acts as the Appellate Court to hear the validity of patents, utility models, designs and trademarks (Kim, 2006).

The Patent Court has jurisdiction over cases set forth in Article 186(1) of the Patent Act, Article 75 of the Design Act, Article 86(2) of the Trademark Act, and other first instance proceedings of cases coming under the jurisdiction of the Patent Court pursuant to the laws such as Article 105 of the Seed Industry Act. The Patent Court has exclusive jurisdiction over all cancellation appeals from diverse decisions rendered by the Intellectual Property Tribunal at KIPO, as to a patent, utility mode, design and trademark. However, the court's subject matter jurisdiction is limited to determining the validity and the scope of a patent and other registered rights. The category of patent infringement cases, such as: preliminary injunctions, compensation for damages and injunctions of restitution of commercial credit, are all referred to the ordinary courts[26].

The Patent Court is an appellate level court which consists of a Chief Judge, four trial divisions that consist of one presiding judge and three associate judges, 17 technical examination officers and other staff[27]. Highly technical matters are referred to

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[25] Please see the information regarding the Establishment of the Korean Patent Court at: http://patent.scourt.go.kr/patent_e/intro/intro_02/index.html.

[26] Please see the information provided on the website of the Korean Patent Court at: http://patent.scourt.go.kr/patent_e/intro/intro_01/index.html.

[27] Please see the information provided on the website of the Korean Patent court at: http://patent.scourt.go.kr/patent_e/intro/intro_01/index.html.

technical examination officers who have long-term experience in various scientific fields, such as mechanical engineering, electronic engineering, chemical engineering, and so on[28]. These technical experts assist the judges of the Korean Patent Court to enhance their technical expertise further (Kim, 2006, p.6).

2.2.3.2 Performance Statistics

The establishment of the Korea Patent Court has allowed for a concentrated trial model which has increased the speed of the litigations (Kim, 2006, p.5). According to statistics provided by the Korean Patent Court (Kim, 2006), the average disposition periods were 7.8 months in the year of 2002, 7.6 months in 2003 and 7.4 months in 2004. As the efficiency of litigations improved compared to the average disposition period of 14 months in the abolished Appellate Trial Board of KIPO (Kim, 2006), the average rate of decisions of the Patent Court is about 48.5% from 2002 to 2004, and the reversal rate is 12.6%. The appellate rate and reversal rate are said to be high, but they are expected to decrease with the accumulation of precedents that function as standard to solving cases (Kim, 2006). In 2000, the Chief Judge of the Patent Court of Korea (Choe, 2000) concluding that ‘justice delayed is justice denied’; consequently, the major achievement of the Korean Patent Court is to solve cases in an efficient manner and therefore allow for the increase in technological developments in Korea (Choe, 2000). As previously mentioned, the founding of the Korea Patent Court was originally based on the rule of law ideal. Notwithstanding, several years later, the main achievement of it was referred to in instrumental terms regarding the function of helping technological developments and litigation efficiency in Korea by the Chief Judge. The shift of its rationale might be deemed as an example of the permeating international enclosure effect from the establishment of the TRIPS Agreement in 1995.

2.2.4 Thailand

The idea of implementing a specialised court for IP concerns in Thailand was rationalised as part of the obligations of becoming a member of the World Trade Organisation (WTO) and hence the requirement to implement the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPs Agreement)

[28] Please see the information provided on the website of the Korean Patent Court at: http://patent.scourt.go.kr/patent_e/intro/intro_04/index.html.

(Nagavajara, 2004). Under the obligation of the TRIPS Agreement, the Thai government made efforts to modernise their IP laws for better IP rights protection. Furthermore, even though it was not compulsory for the Thai government to establish a special judicial system for IP, a specialised Intellectual Property and International Trade Court (IP & IT Courts) was established that has exclusive jurisdiction on adjudicating IP and international trade cases, in an attempt to create a dispute resolution mechanism to facilitate and promote international trade relations (Nagavajara, 2004). Thailand's IP & IT Court serves as another example that was established based on the legal instrumental view in order to achieve both pragmatic and symbolic functions regarding better IP rights protection – this was needed and stressed in accordance with the TRIPS Agreement and other treaties.

The Act for the Establishment of and Procedure for Intellectual Property and International Trade Court ('the Act') was passed by the Thai National Assembly and promulgated in the Government Gazette on the 25 October 1996. Under the Act, a Royal Decree was later passed to inaugurate the Central Intellectual Property and International Trade Court (IP & IT Court) on the 1 December 1997. It is suggested by some that the IP & IT Court Act was the culmination of a joint effort between the Ministry of Justice and the Ministry of Commerce in the wake of negotiations between Thailand and the US, as well as European countries, on trade related aspects of intellectual property rights (Ariyanuntaka, 2010).

The IP & IT Court aimed to create a 'user-friendly' forum with specialised expertise to serve commerce and industry. International trade was added to the jurisdiction of the court because it was felt that in a country like Thailand, a specialisation in intellectual property and international trade could be grouped together to provide easy access and administration as well as to provide sufficient workload to warrant a separate court system. The Central IP & IT Court has jurisdiction throughout the following provinces: Bangkok Metropolis, Samut Prakarn, Samut Sakorn, Nakorn Pathom, Nonthaburi and Pathum Thani. Prior to establishing the Regional Intellectual Property and International Trade Court, the territorial jurisdiction of the Central IP & IT Court covered the whole Kingdom. Although the IP & IT Court was established in order to comply with the requirements of the TRIPS Agreement, Thailand has far exceeding its obligation under Article 41(5) of the Agreement on TRIPS by establishing the IP & IT Court[29]. The Central IP & IT Court has the

[29] Article 41(5) of TRIPS Agreement states:

'It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property right distinct from that for the enforcement of law in general...

power to adjudicate both civil and criminal cases regarding intellectual property and civil cases regarding international trade.

In contrast to Taiwan, the IP & IT Court in Thailand places a larger focus on the combination of criminal and civil claims than on the administrative ones. It is noted that Thailand's IP & IT Court is the only specialised court in the world that also includes criminal jurisdiction, other than the system in Taiwan (Thon, 2004, pp.14-15). As previously mentioned, the inclusion of criminal jurisdiction in Taiwan's IP Court is questioned as being unnecessary; however, the case statistics of the IP & IT Court, based on the type of cases processed through the court, may help explain why it is necessary. To illustrate, the criminal cases significantly outnumbered the civil ones.

Nationality	Types of Cases			Total Number
	International Trade Cases	Intellectual Property Cases (Civil)	Intellectual Property Cases (Criminal)	
US	57	14	401	472
French	9	1	287	294
German	11	3	23	37
Japanese	12	2	34	48
Thai	182	22	93	297
Swiss	0	2	246	248
Italian	1	2	225	228
Others	49	1	192	242
			Total	1866

Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.'

Table 2-1: Case Statistic of the Central IP & IT Court on Nationality of Plaintiffs/Injured Persons (December 1, 1997 to September 30, 1998) (Ariyanuntaka, 1999)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
International Trade Cases	481	548	771	520	370	339	352	366	265	558	589	408
Intellectual Property Cases (Civil Cases)	90	70	102	138	157	173	212	191	167	201	192	46
Intellectual Property Cases (Criminal Cases)	1643	1721	2141	3252	3582	4001	5354	5565	4924	6965	6682	2938
Total	**2214**	**2339**	**3014**	**3910**	**4109**	**4513**	**5918**	**6122**	**5356**	**7724**	**7463**	**3392**

Table 2-2: Case statistics of the IP & IT Court (January 1, 1998 to May 15, 2009) (Chokwaranun, 2009)

There are two main reasons which account for the quantity of criminal cases. Firstly, IP infringements are widely subject to criminal penalties in Thailand. Civil cases regarding intellectual properties may involve trademarks, copyright and patent issues, including cases arising from technology transfer or licensing agreements, while criminal cases tried before the court may similarly pertain to infringement under the Trademark Act, the Copyright Act and the Patent Act, as well as offenses relating to trade provided in the Criminal Code (Chokwaranun, 2009). Secondly, in Thailand, most IP owners prefer to proceed with their cases under the criminal law after calculating the uncertainty of the final rulings, litigation costs and delays of trials and other difficulties associated with civil litigations (Taweepon, 2010).

There are two types of judges in the Central IP & IT Court (Ariyanuntaka, 2010). The first category involves career judges who are judicial officers with sufficient expertise in intellectual property or international trade matters. The second category involves associate judges who are experts in intellectual property or international trade matters and are thus selected by the Judicial Service Commission. In many cases, the associate judges are attorneys who specialise in these fields; they will also have received a graduate law degree from a country with a common law system, such as the US or its equivalent in the United Kingdom (Morgan, 1999, p.828). Unlike other countries, the issue of technical expertise is not addressed in the Thai IP & IT Court; in fact, the international trade matters appear to overshadow the intellectual property issues to some extent.

Instead of introducing technical examination officers into the IP Court in Taiwan, there are no technical experts embedded within this court, 'The Act' grants the IP &

IT Court the power to call on any knowledgeable person or expert (Morgan, 1999, p.823). Under this legislation, the IP & IT Court can request expert opinions for its consideration when deciding a case. The main features of this new specialised court are summarised as follows (Ariyanuntaka, 2010, pp.1-2):

- Liberal use of Rules of the Court to facilitate the efficiency of the forum. Perhaps this could be seen as a unique 'common law' approach to solve a 'civil law' problem.
- Exclusive jurisdiction both in civil and criminal matters on the enforcement of intellectual property rights throughout the country.
- Exclusive jurisdiction on matters concerning international trade e.g. international sale, carriage, payment, insurance and related juristic acts.
- Exclusive jurisdiction on the arrest of ship.
- Exclusive jurisdiction on anti-dumping and subsidies.
- Exclusive jurisdiction on the enforcement of arbitral awards in intellectual property and international trade matters.
- Panel of three judges to constitute a quorum. Two of whom must be career judges with expertise in IP or IT matters. The third member of the panel is an associate judge who is a lay person with expertise in IP or IT. A double guarantee of specialisation.
- Availability, for the first time in Thai procedural law, of the 'Anton Piller Order' type of procedure. An English innovation incorporated in the TRIPS Agreement.
- Possibility of the appointment of expert witness as amicus curiae. A friend of the court.
- Leap-frog procedure where appeals lie directly to the IP & IT Division of the Supreme Court. An attempt to redress delay.
- Possibility of extending the jurisdiction to other matters by further amending legislation. At the moment, there has been discussion of transferring insolvency matters from the court exercising civil jurisdiction to the IP & IT Court.

Judge Nagavajara suggested that after the Central IP & IT Court had been established for ten years, it was found that more and more intellectual property cases, especially, copyright and trademark cases, were being presented to the court (Nagavajara, 2004, p.3). There are no precedents to follow for some of these cases; therefore, it is difficult for the judges who deal with such cases to set new precedents. Through interpretation and the exercise of discretion, the court can play a significant role in providing effective protection to intellectual property rights by assisting in developing

and refining the existing laws. Judge Airyanuntaka (2010) concluded that the creation of the IP & IT Court has fostered a fair, speedy, friendly and equitable atmosphere for the settlement of trade disputes and the effective enforcement of intellectual property rights in the same direction as globalisation; moving towards the goal of creating an atmosphere of trustworthiness and an investment friendly market.

From the judges' views, the IP & IT Court has served its role well. Although based on the statistics shown in ***Table 2-1 and Table 2-2***, the court apparently put much more emphasis on criminal cases, and the number of civil IP cases even falls behind the number of international trade ones. This is understandable because most IP infringements in Thailand are subject to criminal penalties, which makes the jurisdiction of the IP & IT Court unique from the other IP courts discussed above; nevertheless, the facts also show that the structure of the court does not fall in line with the international trend of IP laws which focus more on civil indemnification. Yet on the account of technical expertise in the judicial system, the IP & IT Court adopted a similar ideology by implementing a different method. The role of the IP & IT Court is therefore shaped by the international obligations under the TRIPS Agreement and the domestic disparities witnessed.

2.2.5 Summary: The Various Practices of the Specialised IP Courts

	Germany (Federal Patent Court)	**Japan (IP High Court)**	**South Korea (Patent Court)**	**Thailand (IP & IT Court)**
Year of Establishment	**1961**	**2004**	**1998**	**1997**
Backbone Rationale	Rule of law ideal: It was unconstitutional if the patent petitioner was not granted the access to an independent court.	Legal Instrumentalism: To unify the judgement diversity, to speed up IP litigation proceedings, and the 'announcement effect' of declaring domestically and internationally Japan's policy focus on IP.	From the rule of law ideal to legal instrumentalism: It was unconstitutional to limit the scope of judicial review on patent validity cases.	Legal Instrumentalism: To fulfil obligations of being a member of the WTO and TRIPS by providing better IPR protections.

	Germany (Federal Patent Court)	Japan (IP High Court)	South Korea (Patent Court)	Thailand (IP & IT Court)
Specialised Jurisdiction	The court adjudicates on cases involving the grant (registration) or denial of intellectual property rights (patents, trademarks, utility models, topographies, designs and plant variety protection rights) (administrative cases only).	The court acts as the first instance court to hear appeals against decisions made by Japan's Patent Office, and as a second instance court to hear appeals of IP cases (both civil and administrative cases).	The court's subject matter jurisdiction is limited to determining the validity and the scope of a patent and other registered rights (administrative cases only).	The court adjudicates both civil and criminal cases regarding intellectual property and civil cases regarding international trade (both civil and criminal cases).
Technical Expertise	Natural scientists are qualified to be judges of the Federal Patent Court and titled as technical judges.	Expand the role of internal research officials and introduce technical advisors to assist judges with technical issues.	Technical examination officers are staffed in the Patent Court.	No technical experts are embedded in this court, but the court is allowed to call on any knowledgeable person or expert related to the case.

Table 2-3: The Various Practices of the Specialised IP Courts

From a historical perspective, the establishment of the specialised courts has been driven by the two key reasons which were stated at the very beginning of this thesis: national demand and international mandate. Germany experienced less international pressure due to its Patent Court being established in 1961, when IP rights were not as prevalent as today. Although Korea and Germany went through a similar cycle of constitutional debates, the founding of the Korean Patent Court was, in part, based on the grounds of responding to technological advancement. The international and national demands are more visible in the cases of Japan and Thailand. For the former, the main concerns were to speed up development of a knowledge-driven economy as well as to deal with pressures from the US. For the latter, it was to reform the IP enforcement regime in accordance with the global standard, while also taking advantage of the flexibilities provided by the TRIPS Agreement and the adoption of a more unique approach which was more able to respond to the nation's demands on international trades.

The boundaries of the specialised jurisdictions are closely related to the level of technical expertise required. Germany and Korea have limited the specialised jurisdiction on patent validity issues, while Japan expanded the jurisdiction to all technically intensive IP litigations, but they are still limited in civil matters. Thailand is the only country that combined criminal and civil matters under the group of the specialised jurisdiction.

There are different methods regarding the incorporation of technical expertise into the IP courts. Germany took the most advanced approach by granting technical experts the same status as judges, whilst in Korea the technical examination officers, who take part in the legal trials, can interrogate parties and witnesses and they can offer technical opinions during the deliberations. In this respect, the technical examiner plays a more aggressive role in the court when compared to ordinary technical experts. By contrast, the internal research officers in Japan's IP Court provide assistance to the judges without participating in the trials, and their technical experts are more like expert witnesses who are assigned on a part-time basis and they explain technical issues in a neutral manner in the court. Finally, in Thailand, mirrored by its unique boundary of specialised jurisdiction, the technical issues are not addressed, although the court can request an expert's opinion if necessary, however there is no similar system that accentuates their technical expertise.

2.3 Chapter Conclusion: The Triangular Tie between the Economy, Technology and the IP Courts

This chapter has utilised four examples to illustrate the respective histories and outcomes regarding the different IP courts. From the discussions above, it can be seen that the intervention of technological expertise, at different levels, is the common feature of the specialised IP courts. Since the uniform international IP legal framework was augmented in the TRIPS Agreement, the economic deliberations have greatly dominated the founding rationales of the various IP courts. In the case of Germany, although the founding of the Patent Court was a fruit of constitutional remedy, based on the rule of law ideal instead of an instrumental view pertaining to economic considerations, it took the most advanced step to incorporate the technical expertise into the judicial system by offering these technical experts the opportunity to act as judges. Despite the boosting of international trades through the facilitation of

IP litigations, this was not the primary deciding factor for pushing the Patent Court forward; in contrast, it is the swift litigation process which has provided a cost efficient mechanism which combines the legal and technological expertise in an economic manner that supports the establishment of this court. South Korea provides another example, in which the establishment of its Patent Court was a consequence of the constitutional demand, similar to Germany. Yet in responding to the challenges posed by the technological advancement in IP litigations, South Korea didn't take the same approach as Germany, instead it staffed technical experts in the Patent Court who play supportive roles to help the judges.

In the case of Japan, there was much debate on the founding of their IP High Court. The country was suffering from economic stagnation and decided to follow the model provided by the US which focused on providing stronger IP rights protection, the establishment of this specialised court was deliberately designed to serve a particular economic purpose. Subsequently, the technical expertise was also greatly emphasised in the setting of the new judicial body. Judges of the IP High Court were offered technical knowledge support from internal and external sources. Lastly, the example of Thailand is slightly different, it not only stated the importance of the international trade to IP litigations but it also tied international trade and IP cases together in one specialised court. If Germany is deemed to be the most advanced in terms of incorporating its technical experts within the judicial system that specialises in IP cases, then Thailand works very differently by focusing more on the criminal cases and, in their court, technical experts only attend the courtroom under the request of the judges. On the contrary, in terms of serving an economic purpose in the founding of the specialised court, Thailand is the most extreme example as they attach the economic consideration to the founding of the IP & IT Court by directly placing them together. Conversely, the economic concern was not existent in the founding of the Germany Patent Court, although it might act a supplementary factor to support the specialised court by arguing for its litigation efficiency.

As a conclusion, the links between the IP courts and the economic considerations are existent across the various IP courts, although they appeared at different stages. Furthermore, the incorporation of technological expertise across the different levels is a common feature of all of these IP courts. These examples show that a specialised IP litigation system needs to consider the tightly related aspects of technological and economic factors. It can be seen that technological expertise is emphasised due to the necessary level of technological knowledge involved in IP litigation practices, and the incorporation of such expertise into a specialised judicial body is needed to help these

courts render rulings that are efficient and knowledgeable in their consequence. It is also obvious that economic concerns are the backbone founding these IP courts as they aim to produce positive consequences in return.

In summary, this triangular link between the economy, technology and the IP courts resonates with the legal rationales presented at the beginning of this chapter. The practical consequence questions what makes this triangular link so strong, whereas the legal pragmatism approach justifies the establishment of the IP courts thus far in accordance with their outcomes. Nevertheless, it is argued that countries of various developing levels may not benefit from an international harmonised IP legal regime which is generally derived from the model shaped by a limited number of developed countries (Dutfield, 2005; Dutfield and Suthersanen, 2005; Chon, 2005; Mercurio, 2010). In addition, the presumption of the link between the economy, technology and the IP courts derives from the argument which advocates a connection between these three elements, the: economic, technology and IP rights. The origin of this link in relation to countries of various developing levels will be further examined by a more detailed documentary analysis in the next chapter (3.2.2 The Triangular Link between Technology, Economy and IP Protection).

CHAPTER 3 THE EVOLUTION OF THE TAIWAN INTELLECTUAL PROPERTY COURT

3.1 IP Litigations in Taiwan before the Implementation of the Taiwan IP Court

The previous chapter focused on examining the various IP courts from other countries, whereas this chapter will focus on Taiwan's Intellectual Property Court (Taiwan IP Court) which consists of two parts. The first part of this chapter will illustrate the domestic discussions on the main issues relating to IP litigations as well as the main concerns towards the establishment of a new IP Court. The second part of this chapter will further introduce the new features of Taiwan's IP Court, it will briefly analyse their impact on the litigation system. In the conclusion of this chapter, the gap between the expectations for the establishment of the Taiwan IP Court and the results of its implementation will be examined and analysed. It is noted, throughout the subsequent chapters of this thesis, that the author applies qualitative interviews to further understand the impact of the Taiwan IP Court; in contrast, in this chapter, the author adopts a documentary style analysis to depict the main issues concerning the founding and implementation of Taiwan's IP Court. The history of IP litigations in traditional courts is relatively lengthy when compared to that of the new IP Court, the existing literature does however, to a certain extent, identify the various opinions of the different legal players.

Initially, the different perspectives from the main legal players in IP litigations will be presented to outline the main issues which relate to IP litigations in the traditional courts in Taiwan. The main legal players selected, include: the lawyers, the judges, the administrative officials and the scholars. Firstly, it is intriguing to note that their individual perspectives are vividly reflected in their personal concepts and ideas about the establishment of an IP Court. Secondly, as the author will discuss the impact of Taiwan's IP Court upon litigations, legal practices and legal professions, throughout the following chapters, by presenting the outcomes of interviews with these main legal players who work in the administrative sector. This chapter will therefore provide a parallel picture of the respective opinions concerning the periods before and after implementation of the IP Court in Taiwan.

The lawyers' perspective, due to the nature of their profession, focuses upon the reforming of the IP litigation procedure and the improving of expertise in the judges; thus implying that the lawyers are mainly concerned with efficiency and the quality of the IP litigations, irrespective of the outlining problems in the traditional courts or with regard to expectations towards a new IP Court. The judges' perspective focuses on the public addresses which were made by the heads of the judicial departments and the reports made by these individual judges. While the heads of the judicial departments emphasise the international recognition and pressure from the US, by contrast, the individual judges paid attention to the different IP litigation systems which were scattered around the world. It is interesting to observe the gap between these public statements and individual research reports. It suggests that the judges conducted considerable research on the various IP litigation systems and specialised IP courts, yet in practice the conclusions from these high ranking people may have been decided prior to these investigations. By contrast, the perspective from the administrative officers appears to be more concerned with the interaction between the judges and the administrative sector. The traditional role of the administrative officer is to judge the boundaries of the IP rights in the administrative departments, and the probability of inconsistency between the judgements made by the administrative officials and the judges of the traditional courts, with regard to the validity of IP rights; this appeared to be their main concern for reforming the IP litigation system.

As will be further discussed in the second part of this chapter, the specialised jurisdiction and the incorporation of technical examination officers are two main features of the Taiwan IP Court. With the introduction of the technical examination officers (individuals who had worked in the administrative sector of the traditional courts were incorporated into the new IP Court), it is clear that inconsistencies would be 'internalised' and then 'reconciled' prior to the final judgement being made. Conceivably, the perspective of the administrative sector towards the establishment of a specialised IP Court in Taiwan focuses upon the relations and the interaction between the judicial judgement and the administrative decisions – thus, the interaction between the new IP judges and the 'internalised' technical examination officers.

By contrast, the scholars' perspective concerning the founding of the specialised IP Court varies according to their academic background and knowledge base. In essence, the scholars address the IP Court in a more comprehensive and objective view since they are not dealing with the IP litigations or applications in practice. Scholars offer their suggestions based on their observations which are greatly

influenced by the relevant experiences and literature of the country in which they received their PhD degrees. As stated at the start of this chapter, the perspectives from different legal players of IP litigations will be explained in detail, this will be followed by an introduction to the new features embedded within the IP Court. In the conclusion to this chapter, analysis will be undertaken to understand the gap between these individual perspectives and the final implementation of Taiwan's IP Court. It is concluded that their perspectives have different weights with regard to the setting of the Taiwan IP Court. Notably, this chapter will identify a similar structure of power with regard to discussing the impact of the Taiwan IP Court upon litigation practices and legal professions – this will be then discussed further in the following chapters.

3.1.1 The Lawyers' Perspective

From the perspective of the lawyer, the practice of IP cases in Taiwan before the implementation of the IP Court can be concluded as 'Three Nos' and 'Four Bugs' (Fan, 2008, pp.364-5). The 'Three Nos' illustrates that there was: no discovery, no jury trial, and no marksman for IP cases in Taiwan[1]. To explain further, these 'Three Nos' refer to all of the IP cases that went through bench trials; for these there was no discovery mechanism, no summary judgements and no precedent that assured the interpretation of patent claims as an issue of law. The 'Four Bugs' refers to the four main troubling issues in the legal proceedings with regard to IP cases. The first bug was the two-tiered system which was lengthy; the second bug was due to the judge's general lack of technical expertise which made it difficult to rule on IP cases that related highly to technological advancement. The third bug concerned weak evidence collecting mechanisms, and the fourth bug concerned the possible misuse of preliminary injunctions. Similar views have also been expressed by other lawyers with slightly different wording (Kuo and Chen, 2008): first, lack of ability to deal with technical issues; second, long proceedings; third, the difficulty of collecting evidence; and fourth, the possibility of the court issuing a serious impact injunction order without reviewing its merit.

While 'Three Nos' clearly states the deficits of the conventional legal procedure to a lawyer, the 'Four Bugs' needs to be further explained. The first bug resulted from

[1] *Markman v Westview Instruments, Inc.* 116 S. Ct. 1384(1996). In this case, the Supreme Court of US held that the interpretation of patent claims is an issue of law for the judge, not for the jury, to decide.

the structure of the conventional courts in Taiwan. As shown in ***Figure 3-1***, the courts were divided into two groups. The general courts dealt with civil and criminal claims between parties possessing equal statuses to each other. On the contrary, administrative courts dealt with civilians' claims which are against administrative authorities. The two-tiered system complicates the legal procedures for IP cases and inevitably lengthens the time to settle a case, especially when some IP rights require prior approval from the administrative bodies with regard to validation, such as patents and trademarks. Taking patents as an example, they require administrative approval before the validation; thus, a dispute over validity should be heard in the administrative courts, while patent infringement cases are civil claims that would be processed through the general courts.

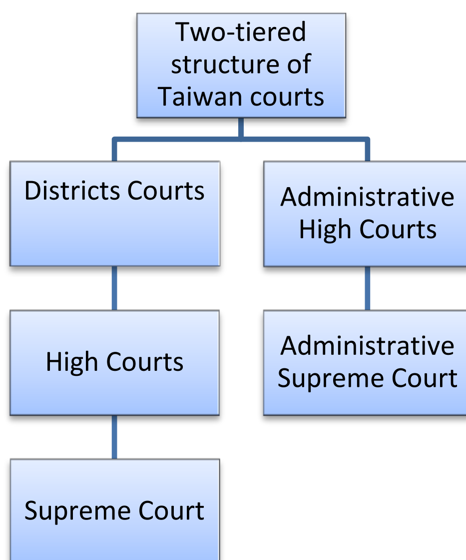

Figure 3-1: The Judicial Structure of Administrative Cases before the Implementation of the Taiwan IP Court

Despite the administrative courts having only two-layers, this does not mean that the duration of the litigation procedure will be shortened. Until the parties propose objections to the decision made by TIPO to the supervisory body, MEA, then the claims against governmental decisions will not be heard in the administrative courts. It nevertheless adds layers of procedure and lengthens the duration which eventually led to 'long stay', see ***Figure 3-2*** below.

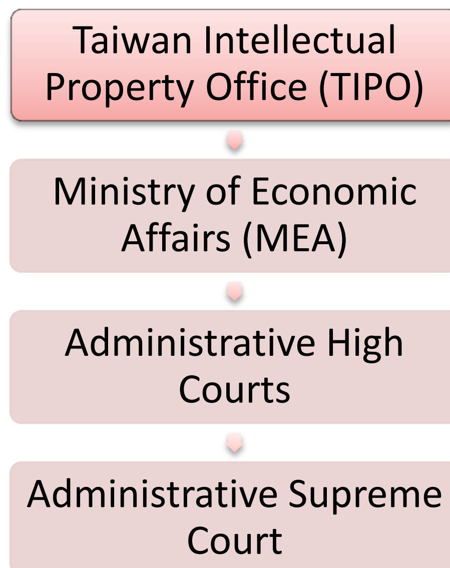

Figure 3-2: The Structure of Administrative Claims before the Implementation of Taiwan's IP Court

The second bug concerns the judges' lack of technical expertise, this is apparent as Taiwan was following the continental system which was judge-centred and statute based (Kennedy, 2003, pp.1-2). The judge in a criminal case is responsible for conducting an investigation of the facts, questioning witnesses, reviewing evidence and supervising the legal procedure. A judge in a civil case basically does the same as that in a criminal one, except he could place the burden of proof on the parties involved and the judge could conduct an investigation which would be considered an exception rather than the rule[2]. Even though there are procedural and evidentiary codes, the judge is the one who determines the application and interpretation of all the rules. In other words, the judge is the most prominent player in the case, rather than the parties or the attorneys. Against this backdrop, the judge's expertise with regard to the case has become crucial. Nevertheless, in IP cases, and particularly with regard to patent related ones, the validity test would largely rely on the judges' technological knowledge on the issue. Hence the power granted to a judge traditionally seemed not to be proportionate to the expertise that they had.

The third and the fourth bugs about the evidence collection mechanism and the preliminary injunctions were all related to the setting of the procedural system. In conjunction with the trend of decriminalisation, exemplified by the fact that patent infringements were decriminalised in 2003 (Liu, 2004, p.5), the civil procedure now plays a more important role than the criminal one in IP cases. As mentioned

[2] See the Civil Procedural Law in Taiwan, the full content of it is available at: http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.asp?lsid=FL001362.

previously, the burden of proof lies with the parties in a civil procedure in Taiwan, and the evidence collection has therefore become crucial. The judge usually only asks the responding party to turn over evidence listed on the ruling without reporting it to the authority (Fan, 2008, p.366). In the absence of a proper evidence preservation mechanism, it is likely that evidence could be destroyed or concealed as the other party could review the evidence by applying to the judge for an 'evidence order'. Similar to the loose standards observed with the evidence collection mechanism, the application of preliminary injunctions was deemed to be lacking in terms of the strict legal supervision that should be incorporated to ensure that evidence is not misused, as this could greatly influence the other parties involved.

3.1.2 The Judges' Perspective

In a speech given to the participants of the Annual Meeting on Intellectual Property Laws in 2009 (Wang, 2009), the Chief Justice and also the Director of the Judicial Yuan Lai, pointed out two achievements which were as a result of the joint efforts from all the departments of the judicial system, they were recognised and approved at the international level. The first was that Taiwan's IT (information technology) was ranked second in the world (for 2008) and the second was that Taiwan was removed, by the US, from the Special 301 Watch List for trade (early in 2009). During the inauguration ceremony for the Director of the new IP Court, Minister Wang of the Ministry of Justice, who is the head of the prosecutors in Taiwan, reiterated her gratitude towards the US and stressed that the pressure from the US was key in Taiwan's realisation of their specialised IP Court (He, 2008a).

While the heads of the judicial departments placed emphasis on international recognition and with the pressure from the US, in contrast, few individual judges paid attention to the different IP litigation systems from around the world. A number of internal reports were written by judges about the IP litigations systems in Germany, Korea, Thailand and Japan, under the internal request of the Judicial Yuan[3], yet there

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[3] Huang, L.-L., 2005, 'The Intellectual Property Court and the Administrative Litigation System in Japan', the internal report of Taiwan Judicial Yuan. Thon, S.-M., 2005, 'An analysis on the Establishment of the Intellectual Property Court –With Special Reference to the Patent Litigation Systems in Germany, Korea and Japan', the internal report of Taiwan Judicial Yuan. Tan, H., 2005, 'The Intellectual Property and International Trade Court in Thailand', the internal report drafted by the staff of the Judicial Yuan.

is little external literature offering the views of individual judges on the establishment of the IP Court.

An article presented by Judge Thon in 2004 focused on a number of aspects of Taiwan's IP Court, it is therefore worth special attention (Thon, 2004a). In the article, a general test on the establishment of specialised courts was suggested, with a key driver being whether there was a specific category of cases that required a specific procedure (Thon, 2004a, p.6). Subsequently, Thon acknowledges that the two-tiered system has caused a considerable waste of time and legal resources, particularly with regard to patents and trademarks, which are largely involved in administrative procedures (Thon, 2004a, p.7). In the final part of the article, Thon identifies the IP Courts from Korea and Japan as successful examples and concludes that the introduction of the new IP Court in Taiwan would promote the judicial image of Taiwan and it would also be beneficial for economic growth. It seems from the perspective of the judicial system, the establishment of the IP Court carried an ideal purpose to boost the economic growth and sharpen the country's competitive edge across the relevant industries. Whilst the term 'international recognition' was addressed in the speech and referred to by other parts of the world, the US seems to be at the centre of this ambiguous 'international society', as Ministry Wang put it.

Again, with reference to the paper by Judge Thon (Thon, 2004a), the deficits in the legal procedures were also mentioned in the article, with a different emphasis. Thon agrees with the first bug as mentioned by the lawyers and uses it to justify the establishment of the IP Court. Thon further suggests a new 'technical examiner' mechanism in response to the doubts over the judges' lack of technological expertise. Regarding the procedural shortfalls, the paper tends to ignore other procedural deficits but it accentuates the combination of dividing procedures relating to IP cases and recommends a pro-adversarial approach to deal with administrative claims. This falls within the realm of the Public Law and therefore has a different set of rules compared to the Private Law. By suggesting that the administrative bodies which were originally sued in a case should step away and be replaced by the person who objects to the administrative decisions, Thon seems to be placing a large emphasis on the merger of the Private and Public Law. Thus, implying that one of the most significant and unconventional approaches was adopted by the IP Court; the combination of civil, administrative and criminal jurisdictions under one specialised court.

In the beginning, the idea of an IP Court was proposed officially in the Judicial Yuan by Chief Justice Wong, who was also the former director of Taiwan's Judicial Yuan,

in 2003 (Zhang, 2007). The idea of a specialised court was quickly shaped as it was strong recommended by the US government and it was closely watched by the annual Special 301 Report[4]. As usual, Taiwan quickly accommodated requests from its biggest economic and political ally in the world, the US.

During the early development of Taiwan's IP Court, the Taiwan Judicial Yuan set up research panels to visit countries with more experience and expertise in specialised courts, in order to report findings on these systems. Although these reports were supposed to present a comprehensive analysis regarding all categories of IP cases, most of these reports were based on the experiences and practices of patent courts rather than on a complete IP Court. The Judicial Yuan placed much emphasis on the administrative litigation system regarding patent rights. Examples of these reports include: 'The Administrative Litigation System and Patent Litigation System in Korea' (Thon, 2004b), 'The IP Court and the Administrative Litigation System in Japan' (Huang, 2005), and 'An analysis on the Establishment of the IP Court – With Special Reference to the Patent Litigation Systems in Germany, Korea and Japan' (Thon, 2005). Among the countries visited by the staff of the Judicial Yuan, the Intellectual Property and International Trade Court in Thailand is the only one which closely matches the proposed idea of the Taiwan IP Court; yet, the report on Thailand's IP Court (Tan, 2005) does not appear particularly important when compared to the other reports on the patent courts.

When the IP Court was initially proposed, there were very few seminars or international conferences on topics which related to IP courts, these were later arranged by judicial or academic institutions to enrich the debate. In 2004, an international seminar on IP adjudication and IP expertise training was held by the Judicial Yuan, the list of speakers included: Judge Randall Rader on the United States Court of Appeals for the Federal Circuit (CAFC); Dr. Katsuya Tamai (Professor, Department of Intellectual Property Research Centre for Advanced Science and Technology, University of Tokyo); Dr. Heinz Goddar (Partner, Bohmert & Boehmert at Munich); and, Professor Martin Adelamn (Co-Director, Intellectual Property Law Programme, George Washington University Law School). Most of the speakers noted that they had educational backgrounds from the US or that they were

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[4] The office of the United Trade Representative started to incorporate the establishment of an IP Court into the evaluation standards to draft the annual Special 310 Report. See the footnote 10 at p.3 of Zhang (2007). And also the impact of the Special 301 Report on shaping Taiwan's IPR policies at Chen, C.-S. and Maxwell, T.A., (2007), 'The Dynamics of Bilateral Intellectual Property Negotiations: Taiwan and the United States', *Government Information Quarterly,* 24(3), July 2007, p.666-687.

legal professionals or scholars from the USA[5]. In 2007, the Judicial Yuan held another seminar for judges, they invited a number of international scholars[6]; the list included: Judge Randall Rader from the US; Professor David Wall from the UK (Head of Law School, University of Leeds); and a number of Professors from the US (Professors from Washington University and Boston University) and one Professor from Japan. It is interesting to learn that the background of the speakers is not a true representative of the actual IP Courts across the world, and it should be noted that the views from the US appeared to be given more importance.

The Judicial Yuan certainly played a leading role in shaping Taiwan's IP Court. It is interesting that Taiwan has utilised the expertise and experience from the US, as the US uses a different common law legal system, rather than following the German or Japanese system which follows the continental system which is similar to that in Taiwan. From a regional point of view Japan and Thailand are also much closer, than the US in geographical terms. From an economic development point of view, Korea is the closest model to that of Taiwan. The Judicial Yuan did assign judges to visit and submit research reports on other European and Asian countries; however, it should be noted that the Judicial Yuan treated the influence from the US differently.

In addition, as mentioned previously, on the website of the IP Court, the only official news release stressed the progression of IP rights protection as recognised by the US. It is clear that the Judicial Yuan relied mostly on the US's experiences and expertise on the practices of the specialised court. As a result, while the pressure to establish an IP Court came mostly from the US, and the US's experience was very much appreciated, the international image seems synonymous to the US's standards to a certain extent.

In short, the perspective from the judicial sector as a whole, and when compared to that of the lawyer, has less emphasis on the judges' lack of technical expertise. Furthermore, the procedural deficits that impede the progress of the litigation are also seen as less of a concern. It seems fair to draw the conclusion that the importance of international image and the increasing of the competitive edge of IP-related industries would be the central concern to the judicial sector. While the former is mainly

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[5] Details of the seminar are available at: http://iip.nccu.edu.tw:8090/iip/c6_3_29_r.html.

[6] Being the PhD student supervised by Professor David Wall, I was honoured to share some information with the Judicial Yuan; in general, the internal courses for judges are not open to the public, so is the relevant information.

driven by the US, the latter is also closely related to the US due to the tight mutual international trade relations.

Overall, the perspective from the judicial system seems to have fallen short of providing a good explanation of why the patent court has become the central focus of Taiwan's IP Court. It also fails to explain why these obscure objectives, such as: 'promoting international image of the judicial sector in Taiwan' and 'sharpening competitiveness of IP-related industries in Taiwan' or even 'speeding up the economic growth', have to be relied on for the establishment of an IP Court. As a consequence, there are doubts over the role of the Judicial Yuan as they seem more concerned with embedding policies in the establishment of the IP Court rather than the judicial reforms. Doubts were raised from the external sector (Zhang, 2007, p.3), as well as internally within the judicial system by individual judges (Zhang, 2006).

3.1.3 The Administrative Officers' Perspective

As suggested above, traditionally, the IP rights that require approval from the public sector, such as the patent validity or trademark registration, are dealt with by the Taiwan Intellectual Property Office (TIPO). That is to say, the technical experts who work in TIPO are assigned to evaluate the quality of IP rights and therefore they have first-hand knowledge of these rights.

A report, written by the Deputy Director Lu of TIPO (Lu, 2006, p.11), suggests that the establishment of a specialised IP Court would have the following advantages:

- Specialised judges within the specialised court will greatly improve the capability of judges to conduct the legal procedure as their expertise is sharpened with their experiences.
- The true difficulties in IP cases for judges are not the mechanical interpretation of applicable laws but to understand the impact their rulings might have on the society, the relevant industry or the economy. A specialised judge is expected to be able to concentrate on realising these requirements.
- IP cases are closely related to the advancement of technologies and the international trend by their nature. In the absence of a specialised court, judges of different courts might render diversified ruling regarding similar cases.
- The traditional practice indicates that the workload for the judge is very heavy. Judges spend a large amount of time hearing the case in the court and producing verdicts on their own. In the absence of the specialised court, judges have fewer

opportunities to learn from past experiences. The paper suggests that specialised judges would be more efficient in producing verdicts regarding specific types of cases as well as in the conducting of the litigation procedure, so as to be more productive.

- IP rights are characterised as intangible and the legal boundaries are changeable, the judge in a traditional court usually has to rely on a technical examination report from an external panel with regard to the boundaries or the judgement on IP infringements. The judge of a specialised IP Court will be capable of judging the technological issues on his own which leads to a more efficient litigation procedure and creates a more reliable image of the judicial system to the litigants.

The disadvantages of the establishment of the IP Court are (Lu, 2006, p.13):

- Specialised judges could make prejudiced judgements as they are limited to a specific category of cases.
- Specialised judges could simplify the litigation procedure without proper reasons resulting from their experience in processing the same type of cases, familiarity may result in contempt towards due process.
- The establishment of the IP Court could isolate the development of IP laws from other law subjects.
- IP cases may be related to issues of other laws such as the Civil Law. A specialised judge could distort the principle within the Civil Law to suit the needs of the IP Law.
- More costs to be paid regarding personnel training.
- The caseload of a specific area may not be enough to support a specialised court.
- The costs of litigants may be increased due to the limited number of specialised courts.
- Specialised courts may have specialised procedures that put those lawyers who don't usually take IP cases at a disadvantage.

The advantages of establishing the IP Court, as proposed by Deputy Director Lu, can be compared with the shortcomings of the traditional legal system. To summarise, Lu places emphasis on the expertise of the judge working in the specialised court. These judges are expected to have technological knowledge and experiences so as to improve the efficiency and quality of the litigation procedure and the rulings regarding IP cases.

This view has similarities with the perspectives from the lawyers and the judges, (Lu, 2006). To illustrate, the difference is that Lu seems to believe that specialised judges are more helpful in rendering efficient and quality rulings automatically, instead of working on the reform of legal procedures or introducing assistants of various professional backgrounds. Nevertheless, the links between the specialised judge and the better performance of the IP legal procedures are not explained in Lu's article. Even the disadvantages suggested in the article are preconditioned on the assumption that the specialised judge would inevitably improve the quality and the efficiency of IP cases. It seems to Lu that specialised courts are synonymous with the specialised judge as these specialised judges will, ultimately, improve the efficiency and quality of the IP litigation system.

3.1.4 The Scholars' Perspective

The US has a strong influence on Taiwan, in terms of their practical economic ties and based on the scholarly literature discussion. In a study on the dynamics of bilateral negotiations on copyright protection between Taiwan and US, it is argued that economic sanctions which might be imposed by the US government against Taiwan because the latter was listed in the Special 301 report,, acted as a powerful motive for Taiwan's internal reforms on IPR laws; this notion is based on the data collected over the last two decades (Chen and Maxwell, 2007). Against this background, Taiwan's Intellectual Property Office (TIPO) was established as a dedicated governmental agency responsible for IPR enforcement and public education within Taiwan. TIPO also acts as an advocacy for Taiwan's position to the US and other trading partners (Chen and Maxwell, 2007, p.667).

Prior to the idea of an IP Court being officially presented to the public, academics were also consulted by the governmental bodies regarding IP legal system reforms; they agreed that it was necessary to review and revise the administrative examination and litigation system, particularly with regard to patents and trademarks. In a consultation meeting held by the Presidential Office in 2001 (Zhang, 2007, p.3), one of the suggestions was to build a sound examination system regarding IP rights. Another consultation meeting, held by the Administrative Yuan, also reached an agreement about reforming the two-tiered system (Zhang, 2007). These proposed reforms largely focused on the administrative examination and the system which related to patents and trademarks. Other opinions were also provided on the different perspectives.

In a seminar on the IP litigations reforms, held by the Judicial Yuan, Professor Tsai made the following six recommendations[7]:

- Introducing the technical judge system derived from Germany, instead of the technical assistant suggested by the current judge.
- A more sophisticated preliminary injunction mechanism is needed in dealing with IP cases.
- Calculation of the indemnification should be based on the reasonable royalty basis which is followed by the US, Germany and Japan.
- The administrative litigations regarding patents and trademarks should appropriate the adjunction fee to prevent the wasting of resources.
- Patents Act and Trademarks Act are frequently updated, the relevant precedents should be examined frequently in order to be up to date.
- The professional expertise of the judicial personnel to handle IP cases should be enhanced by continuous education on IP rights, studying abroad or attending academic conferences or through the publishing of papers.

To be precise, only one of these elements falls specifically within the context of the specialised court, the remaining five could be managed within the traditional courts. By recalling the previous conclusions made by the scholars in their consultation meetings, the two-tiered system deals with administrative IP claims but it is deemed that this is in need of change. The establishment of a specialised court is not the only cure, especially if the corresponding changes to the legal procedures do not exist. For example, the patent validity claims can be isolated and examined in a streamlined procedure as patents are very much susceptible to time issues.

In a traditional court, and with reference to the patent infringements cases, the judge tends to cease the litigation procedure and waits for the result of the patent validity claims – these are decided by the Administrative Courts. If the patent validity is not approved by the Administrative Courts, then the only ruling to be made is to invalidate the administrative decision made earlier. In that case the party would have to present the verdict to the administrative authority for a renewed decision. This process is time consuming and can prove fatal to those patents which have short lifecycles.

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[7] Professor Tsai, M.-C., 2005, expressed his opinion in the seminar (3, August, 2005) on the establishment of the IP Court and the judicial reform held by the Judicial Yuan, the records of this seminar are available at: http://www.judicial.gov.tw/aboutus/aboutus05/aboutus05-47.asp.

While patent and trademark cases suffer from the traditional two-tiered system, copyright, trade secret and fair-trade cases do not. The concept of IP rights is built upon a diversified range of legal rights and of various fields. For example, copyright cases do not require an administrative approval, so the two-tiered system is not problematic, yet it is a serious issue for the patent cases. It is worth noting that Professor Tsai, who obtained his PhD degree from Munich University in Germany[8], suggested that the Taiwan IP Court should follow the setting of the Patent Court in Germany in relation to the introduction of the technology judge instead of the technology assistant, and that the jurisdiction of the Patent Court is limited to the validity of the patent rather than the infringements. An article which was written by four graduates, from the Graduate Institute of Intellectual Property of National Chengchi University, emphasised that the main deficit of the current legal practice regarding IP cases in Taiwan was the two-tiered system (Zhu, et al., 2008, pp.162-4). As mentioned above, this two-tiered system is an issue when the case includes an administrative claim. In other words, observations on the current IP litigation practices are mainly based on the context of the patents and trademarks which require approval on their validities.

As the IP Court in Taiwan is relatively new, there is only a limited volume of data available to draw concrete conclusions from. It is natural that scholars are influenced by their education backgrounds, and it seems that those who are more familiar with the US system seem to take the same view as the government regarding the need to establish a specialised court. The main characteristic of this perspective is justifying the establishment of a specialised court by stressing how harmful the deficit of a two-tiered system is to patented subjects. It is intriguing because there are various remedies to reform the litigation system; nonetheless, the setting of an independent specialised court seemed to be the first and prioritised option in the debate which may just coincide with the suggestions made by the US.

It was stated clearly by the Ministry of Economic Affairs (MEA) that 'The decision to establish a specialised IP Court has received positive responses from US government and IP rights holder groups all over the world …… it is very optimistic for Taiwan to be excluded from the observation list of the Special 310' (Zhang, 2007, p.4). The view expressed by the MEA vividly shows the main perspective which is that the government has constantly reminded the public that strong IP protection, which is

[8] Professor Tasi's resume in English is available at:
http://www.law.ntu.edu.tw/english/fulltime_Professors_ming-cheng_tsai.html.

kept in line with the requirements made by other important trade partners, is beneficial for improving Taiwan's investment climate in order to avoid economic sanctions and ultimately to strengthen the trade relations. To sum up, it seems the domestic debate on the need to establish the IP Court in Taiwan is also dominated by the need to accommodate external requirements. The government led the discussions and took a leading role in directing the results of this debate; it seems that the scholars of the US educational background are more likely to reach the same conclusion.

3.2 The History of the Establishment of the Taiwan Intellectual Property Court

The idea of setting up a specialised court was officially and initially proposed by the Chief Justice Wong of Taiwan's Judicial Yuan in 2003 (Zhang, 2007, p2). In the following four years, the Taiwan Judicial Yuan created research panels which visited countries with experiences and expertise in specialised courts; this led to the drafting of comprehensive reviews and reports which detailed these courts' pros and cons. Finally, a new IP Court was founded and scheduled to begin functioning in July 2008[9].

Throughout 2003 and 2004, the Judicial Yuan held several meetings to debate on the idea of setting up a specialised IP Court. Although the voices in support of the idea were as strong as those in opposition to it, nevertheless, the Judicial Yuan, which had the official power to make the final decision, quickly opted for its approval (Chang, 2006). Subsequently in 2005, the planning squad of the IP Court of the Judicial Yuan held several conferences and invited experts, scholars, judges and administrative officers to express their opinions respectively. It seemed that the Judicial Yuan were willing to make a decision based on the balanced view regarding the establishment of the IP Court, yet in the annual report made by the United States Trade Representative (USTR) (Special 301 Report, 2005), it was pointed out that 'With respect to the judicial process, Taiwan authorities continue to conduct regular training seminars for judges and prosecutors on IPR matters and [they] ***plan to establish a specialised IPR Court'***. The report implied that the establishment of the specialised IP Court was a confirmed policy that would be carried out eventually. In

[9] See the introduction page of the Taiwan IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/.

the 2006 Special 301 Report, the USTR further pointed out, as it reviewed the policy of establishing a specialised IP Court by the Taiwan government, that:

> 'The United States looks to Taiwan to sustain the current level of commitment to making progress on IPR issues, and will continue to monitor further improvements, including Taiwan's efforts to combat the production of pirated optical media and proliferation of internet piracy, to deal more effectively with unauthorised use of copyright materials on government and university computer networks, strengthen IPR enforcement actions against piracy and counterfeiting, to ***establish a specialised IP Court***, and to devote more resources and coordinated high-level government attention to combating IPR infringement….'.

Certainly the confidence of the USTR had developed from solid foundations. In the November of 2005, in the course of serial negotiations with the US, regarding international trade and investment issues, the Taiwan Ministry of Economic Affairs expressed its official opinion on its website that 'The determination of the Taiwan Judicial Yuan to establish a specialised IP Court has gained the appreciation from the US government and IP rights holders, it is very optimistic that Taiwan will be removed from the Special 301 List…..' (Zhang, 2007, pp.3-4). Therefore, the establishment of the specialised IP Court was part of a larger strategy aimed at serving the international trade negotiations.

In April, 2006, the Judicial Yuan presented draft proposals of the IP Court Organisation Act and the IP Case Adjudication Act to the Administrative Yuan, requesting approval to submit these proposals to the Legislative Yuan. The Administrative Yuan quickly agreed to these proposals and submitted them to the Legislative Yuan. In January, 2007, the Legislative Yuan passed the IP Case Adjudication Act and the IP Court Organisation Act in what could be deemed an extremely fast pace[10]. In other words, the Acts determined that the structure and features of the IP Court gained the approval of both the Administrative Yuan and the Legislative Yuan within a year; furthermore, the Legislative Yuan almost accepted the original version drafted by the Judicial Yuan (Zhang, 2007, p1). During the lawmaking process, the representatives of the Judicial Yuan stated that these two Acts aimed to solve the current problems of IP litigations by the specialised judiciary (Zhang, 2007. p1). Nonetheless, at the time that the Judicial Yuan presented these

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[10] See more about these two Acts on the official website of the Taiwan IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=98&Itemid=28

two drafts to the Administrative Yuan, pending their approval, it announced that the specialised IP Court would be established by the end of April, 2007 (Zhang, 2007, p4). Interestingly, these two Acts were passed in March 2007.

Taiwan's progress on establishing the IP Court was closely watched by the US. In 2007, the USTR in the annual Special 301 Report noted significant progress, including: 'efforts and significant strides in improving its IPR regime this past year, including the passage of legislation to create a specialised IPR Court…..' (Special 301 Report, 2007). Despite these efforts, Taiwan remained on the Watch List, because: 'The United States looks to Taiwan to continue its good efforts to address these remaining IPR concerns and will work closely with Taiwan to achieve further progress' (Special 301 Report, 2007).

In 2008, after the passing of the two Acts regarding the establishment of the IP Court, the USTR continued to monitor this issue by suggesting 'An Out-of-Cycle Review will be initiated in the immediate future and completed this summer to monitor progress on selected outstanding issues to consider whether Taiwan should be removed from the Watch List'. One of the main issues for consideration was that: 'The United States urges Taiwan to make the specialised IPR Court operational as soon as possible' (Special 301 Report, 2008). It should be noted that the 2008 Special 301 Report was released on 1 May 2008, just before the Taiwan IP Court was officially inaugurated[11]. Finally in the subsequent year, Taiwan was removed from the Watch List in the 2009 Special 301 Report.

By reviewing the history of the establishment of the IP Court, it can be seen that the authorities held several seminars and conferences to advance the domestic debates on the different views regarding its establishment and also on reforming the IP litigation system. However, from the very beginning this policy appeared pre-determined, even before the discussions developed which served as part of the strategy on the international trade and economic negotiations. It is fair to conclude that although there were indeed domestic demands for a reform on IP litigations, the establishment of the IP Court was not the only possible solution. It became a MUST because it carried other economic and political purposes, on an international level.

The determination of the Judicial Yuan to establish a specialised court never came into question. Furthermore, even before the two new Acts were officially passed by

[11] More information about the date of its release is available at: http://bangkok.usembassy.gov/ustr301report.html.

the Legislative Yuan, during the spring of 2007, the Judicial Yuan had already started to send selected judges to attend training courses on IP between March and July 2006. Six months after this, the IP Court planning office was launched on 20 September 2007 and, within the year, the IP Court was inaugurated on 1 July 2008. Within another year the construction of the IP Court building was completed and in July 2008, the nation's first IP Court was inaugurated in Taipei County (Chuang, 2008).

Despite the external pressures and internal demands to push for IP litigation reform, as explained previously, the establishment of the Taiwan IP Court was concerned more with international requests than domestic needs. This is evidenced in the history of its establishment and in the public statements made by the government officials after its implementation.

On the English website of Taiwan's IP Court, the only news release was entitled: 'Succeeded in IP Rights Protection, Taiwan is removed from the Special 301 Watch List'[12]. In addition, as stressed earlier in section 1.1.1, Taiwan's Minister of Justice Wang stated that 'the founding of this IP Court owed thanks to the continuous pressure from the US government' (He, 2008a). Furthermore, in a conference on IP laws and enforcement, the President of the Judicial Yuan Lai made a public speech in appreciation for the cooperation between the judicial and economic departments which supported Taiwan to be removed from the Special 310 Watch List. The president further noted that this support ensured that Taiwan gained international recognition and an economic competitive edge (Wang, 2009).

In brief, despite the external and internal pressures that pressed the reforms on the traditional IP litigation system in Taiwan, the establishment of the Taiwan IP Court was more of a prioritised policy in response to the external requests rather than a fruit resulting from domestic discussions. This 'decision made before discussion' scenario not only took place in the course of policy planning, it also took place in the process of legislation (Hong, 2008, p.14).

In conclusion, the history of this new court proves that it was established not only based on considerations to resolve challenges faced by the traditional courts in response to IP litigations, but particularly in response to the international economic strategies which would allow Taiwan to survive and prosper. The fact that Taiwan was removed from the Special 301 Watch List (as emphasised on the news presented

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[12] Available at:
http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=33&Itemid=71.

on the IP Court website) proves that this new court boosted Taiwan's international status. However, whether this newly established IP Court will actually fulfil its proclaimed role for improving the efficiency and quality of IP litigations remains an important question, which will be explored in the following chapters of this thesis. In the next section of this chapter, the author will explore more on the economic centred ideology that backboned the US specialized court model, and probe into the assumed triangular link between the technology , economy and IP protection.

3.2.1 The US CAFC Model

It has been reiterated that the founding of the Taiwan IP Court was initiated and supported by international pressure from the US. As Taiwan is highly dependent on economic and political support from the US, combined with the IP globalisation trend led by it, unsurprisingly the fundamental ideology that dominates the founding of the Taiwan IP Court provides an analogue of the US's experiences. Tracing back the history to the founding of the specialised patent court in the US, the Court of Appeals for the Federal Circuit (CAFC) was established in 1982. Although it is doubtful whether the CAFC is a specialised court in a traditional sense because it deals with a wide array of issues (Dreyfuss, 2004), particularly in the area of patent law, the CAFC has operated as a specialised court as it is a court which has the exclusive jurisdiction over patent litigation in the US District Court (Damle, 2005, p.1280).

The evaluation that supports its founding is also based on the pragmatic approach, as it aimed to: reduce the caseloads of the general courts, enhance the quality of the judicial decisions and it aimed to maintain the consistency of the legal rulings (Dreyfuss, 1989, pp.1-2). Nevertheless, the CAFC also embedded the nation's policy by placing emphasis on patent litigations. This CAFC was founded, in the US, as part of measures to implement the 'pro-patent' policy on the belief that patent protection through a specialised court is able to strengthen competitiveness and encourage technological innovation (Tessensohn and Yamamoto, 2005, p.162). Over the past three decades, the operation of the CAFC has been deemed to be a successful example, by: rendering consistent rulings on patent litigations, improving the predictability of judgements and therefore securing and improving the legal interests of patent owners (Tessensohn and Yamamoto, 2005, p.162). To sum up, the CAFC in the US has provided a perfect model for successful IP-driven economies to follow in terms of developing specialised patent courts. Three points are implied in the CAFC example: firstly, the pro-IP policy is beneficial to a country's economic competitiveness. Secondly, the specialised court is beneficial to securing the legal

rights of IPR holders and lastly, patent litigations require specialised judicial treatment, specifically among IP litigations.

By contrast, the history of the Taiwan IP Court suggests that economic development is the main policy goal underpinning its founding, as the IP Court model is almost mirrored on the CAFC. It was stressed that a specialised court in Taiwan would be beneficial to IPR protection, therefore helping with gaining an economic edge in the world. Against this backdrop, it is not surprising that the founding of the Taiwan IP Court gained appreciation from the US and was rewarded with removal from the Special 301 Watch List. However, it is worth of examination whether that assumed triangular link between technology innovation, economic development and IP protection that underpinned this ideology does exist.

3.2.2 The Triangular Link between Technology, Economy and IP Protection

The link between intellectual property rights (IPR) protection and economic development, although very much reiterated by the government officials in the discourse of establishing an IP Court, is intriguing; within the economic literature there are many equivocal perspectives (Moser, 2005; Chin and Grossman, 1998). Numerous countries have developed rapidly, without robust IP litigation and legal protection regimes (Mercurio, 2010, p.65). Japan, for example, was developing rapidly in the 1960s and 70s, but only strengthening its IPR legal regimes in the 1980s (Ordoer, 1991).

Even the most powerful advocate for IPR protection in the world, the USA, did not adopt a robust IPR legal regime until the early 1980s (Richman, 2009, pp.1116-7). Taiwan faced a similar scenario, where its economic growth accelerated ahead of the reforms of the IPR protection regime. Nonetheless, the empirical data indicates that the economic growth could stand alone from the IPR regime; it is however questionable as to whether a stronger IPR legal regime would help future economic development as promised by the officials. To those who support the link between a strong IPR regime and economic development, there are some indicators that there is a common link with the protection of IPR, including: foreign direct investment (FDI), international trade and innovation. FDI is deemed an important factor in helping developing countries to move forward in terms of their economic development (RAND, 2010, p.4). The arguments that support the positive link between FDI and a strong IPR regime are as follows: firstly, stronger IPR can create ownership

advantages because the strong IP protection reduces the risks of imitation for firms that are willing to invest (Primo Braga and Fink, 1998). It also attracts more FDI while the strong IP protection regimes ensure that foreign firms' advantages to compete with the local firms (Smarzynska, 2004).

Strong IPR protection also creates location advantages, as IPR are territorial by nature and it is easier to attract foreign investment with a sound IP protection regime. In this regard, a stronger IPR regime in some developing countries can bring an advantage that will positively affect the decisions made by multinational investors (Primo and Flink, 1998). Finally, stronger IPR can increase the quality of the investments by affecting the composition of the FDI (Smarzynska, 2004). There are certainly theories that oppose the link between FDI and the IPR regime (RAND, 2010, p.5), but the empirical studies, in general, show that stronger IPR positively correlate with the volume of inward FDI in developing countries – especially for those countries with strong technical absorptive capabilities. It is noted that the IPR regime also impacts on FDI by encouraging investment in production and R&D rather than in sales and distribution. The empirical data also shows that strong IPR regimes have different levels of impact on countries of different statuses; as such, developing countries may benefit from the international harmonisation of IPR regimes, by increasing inward FDI which contributes further to their industrial development.

A robust IPR regime can boost economic development by facilitating international trade. There are numerous arguments to support this viewpoint: first, stronger IPR regimes create ownership advantages for trade because they provide legal remedies for firms to fight against any violation of their assets. Second, strong IPR regimes can increase bilateral exchanges between foreign markets by reducing the costs associated with preventing loss of these intangible assets (Maskus and Penubarti, 1995). Lastly, a robust IPR regime, which is in line with the international standards, will reduce the transaction costs concerning international trade. Furthermore, a harmonised IPR regime is able to reduce the costs of trading within different legal environments.

The empirical data shows that IPR regimes, in general, have positive impacts upon trade, especially to those countries with relatively high technical absorptive capabilities. However, the impacts of strong IPR regimes may be different across industries. It is surprising to note that it is not the high-tech industries that have the strongest link with IPR protection. To illustrate, Fink and Promo Braga (2004) used a sample of 89 countries in 1989 and found a positive relationship between IPR and

trade flows for total non-fuel trades. However, the strength of this relationship differed by industry and it was found to be weak between IPR and high-tech trade, such as: chemical, electrical and office machinery, and telecommunications apparatus.

On the contrary, Park and Lippoldt (2003) examined the role played by IPR in attracting imports, by industry, in a large sample of developed and developing countries; they found that patent rights are important in the import of textiles, drugs and industrial chemicals. Fink and Primo Braga (2004) also suggested that the weak link between high-tech industries and strong IPR protection may be as a result of market power effects in the case of high-tech goods that offset the positive market expansion effects cause by strong IPR regimes. Fink and Promo Braga (2004) also suggested that the IPR regime may encourage more FDI rather than trade and that some high-tech goods use other means to appropriate returns, such as the first-mover advantage or the learning curve.

In general, with regard to the international harmonisation of IPR regimes, the empirical data (RAND, 2010, p.14) shows that it may encourage exports from emerging industrialised countries, yet there is no evidence to suggest that it has increased exports from other developing countries. It is worth noting that specific research between 1989 and 2000 aimed to investigate the effects of IPR exports in Taiwan (Liu and Lin, 2005). This research aimed to discover a link between IPR protection and exports from three high-tech industries in Taiwan, namely: semi-conductor, information and communication equipment. In 2005, Liu and Lin suggested that the stronger IPR regime had a positive impact on Taiwan's exports if the importing country had a stronger R&D capability than Taiwan. Later in research collaborated with Yang and Huang (2009), it was concluded that improvements in IPR protection could increase Taiwan's exports through the market expansion effect.

To summarise, the empirical studies show that a stronger IPR regime in Taiwan would be helpful if the destination country had a higher capability in innovation advancement; furthermore, Taiwan would increase exports to destination countries that reduce the threat of imitation. As a conclusion, although there is empirical data proving that IPR protection may have positive effects upon trade, it varies across the different countries and industries; the strength of the link largely depends on the technical absorptive capabilities as well as the threat of imitation (RAND, 2010, p.15).

As for the link between the international harmonisation of IPR regimes and trade, this also varies across countries; although, the link is stronger in emerging industrialised countries. The last and the most commonly addressed reason for a strong IPR regime is to encourage innovation within a country, moving it towards a knowledge-based economy. Whilst there are positive arguments for creating ownership advantages and reducing the cost of international technological knowledge transfer, there are also negative arguments suggesting that the IPR regimes could increase the market power but that it would be insufficient in reducing the asymmetric information gap (RAND, 2010, p.18). On the contrary, a weak IPR regime may encourage the diffusion of technological information through non-market channels (RAND, 2010, p.19).

The empirical evidence in general points to the same conclusion; a positive link between a robust IPR regime and innovation generates economic rewards. Taking developed countries as an example, Branstetter et al. (2006) analysed affiliate data between 1982 and 1989 from US transnational firms operating in 18 countries, all of which reformed their IPR during this period. The study illustrated that reforms on IPR regimes substantially increased the royalty payments collected by the US firms from their affiliates, for the use or sale of intangible assets. Increases in royalty payments from the affiliates of parent companies, that extensively registered patents prior to the reforms, were in excess of 30%.

In research conducted by Ito and Wakasugi (2007), Japanese multinationals were taken as examples. They found that strong IPR enforcement accelerates the intra-firm technological transfer measured by royalty payments from the affiliate to its parent firms. Things may be different in developing countries with regard to domestic innovation developments, according to the previous explorations, but Chen and Puttitanun (2005) used panel data for 64 developing countries over a 25 year period (1975 to 2000), to show the positive impact of IPR on innovations in developing countries. Furthermore, Dutta and Sharma (2008) took India as a specific example, using panel data from Indian firms between 1989 and 2005; they found a link between strong IPR regimes and expenditure in the R&D sector that led to innovation advancements. Their research suggested an increase of up to 20% once the TRIPS standard was enforced within the IPR regime. Nicholson (2007) used a large cross-country, cross-sector panel dataset from 1995 to count the number of US firms engaging in FDI or licensing. The research found that firms in industries with high capital costs were more likely to maintain control over production knowledge in countries with less IP protection by engaging in FDI. In addition,

when IPR regimes are robust, firms in industries with high investment in R&D are more likely to penetrate into a market by licensing to an unaffiliated host firm.

To sum up, the empirical evidence suggests that strong IPR regimes are beneficial especially to those countries which possess high-valued knowledge goods. To reiterate, Nicholson's (2007) study in 1995 counted the number of US firms engaging in FDI or licensing. This study found that different choices would be made if the parenting firm thought that the IPR in the destination country were weak (in which case it tended to invest in this country through FDI), it would be more willing to invest in this country through licensing to a local firm. Thus suggesting that strong IPR regimes can protect intangible goods and without it, firms would try other ways to contain the value of their knowledge goods.

The arguments for the link between the IPR regime and innovation vary; the empirical studies show positive results mostly for highly developed countries. For developing countries there is a high price to pay for licensing fees rather than for producing patents; however, they would pay a higher price under a robust IPR regime although this is likely to increase investment in R&D which may lead to further innovation advancement in the future.

As a conclusion regarding the link between the IPR regime and economic development, given the various viewpoints and diversified empirical data, it may be fair to say that the strength of the link largely depends on the individual country. It is certainly more beneficial for a country that can control high technological knowledge and it is also good for those countries which have high technological absorptive capabilities. On average, IPR regimes encourage investment in innovation that can result in technological advancement within a country; but, the impact of establishing a robust IPR regime varies across the different countries and industries. A belief in a link between IPR regimes and economic development, without further examination, might jeopardise a country's further economic development because of negative effects carried by the internationalised IPR regime. In short, there is no 'one size fits all' strategy to countries at the various developmental stages and, it should be noted that, IP means significantly more to those 'technologically proficient' countries.

The triangular relation between IP litigation regimes, technology and economic development can be summarised as follows: IP protection regimes are the foundation for supporting the economic development model that is driven by technological

advancement. The more a country is technologically sufficient, the more the country will benefit from a robust IP protection regime (Mercurio, 2010), which includes efficient and reliable litigation mechanisms. In the next section, Taiwan will be taken as an example to discuss whether there is a triangular link between technology, the economy and IPR protection.

3.3 The Main Features of the Taiwan IP Court

Despite the fact that the entire idea of founding an IP Court in Taiwan was rushed forward as a result of external pressures, the shaping of it became a unique creation that was led by the domestic judicial department. The main features of Taiwan's IP Court, selected for further discussion in this section, include: the specialised jurisdiction that addresses civil, criminal and administrative cases, at both the first and second instance level, and the staffing of the IP Court with technical experts to assist the specialised judges. The first feature differs from the other IP courts discussed above. To illustrate, the IP & IT Court in Thailand is the closest model to Taiwan's IP Court with regard to the jurisdiction issues. In this case, the international trade cases are put aside, this was rationalised under the proviso that in Thailand most IP infringement cases are subject to criminal penalties, conversely in Taiwan they are not. The second feature is a revolutionary new experiment for the judicial body, therefore the interactions between the technical examination officers and the specialised judges are worthy of attention. The approach adopted by Taiwan is very similar to the Patent Court in South Korea; in this case, the technical experts are part of the internal staff of the specialised court and they provide professional opinions as requested by the judges.

The two most revolutionary changes presented by this new IP Court were: firstly, the breaking of the traditional line that divided the public and private laws, this allowed the civil, criminal and administrative claims to be all placed within one single trial; and, secondly, the introduction of technical examination officers to assist the judges with technological judgements in relation to certain cases. The former was aimed at improving the efficiency of the trials, while the latter was designed to seek a better quality of rulings.

The following section of this chapter will provide an introduction into these two features; furthermore, a brief analysis regarding their impact will also be made. Additional discussions will then be made in the following chapters. In brief, the lawyers question the interactions between the technical examination officers and the specialised judges, while the judicial sector insists that the judges rule the case rather than the technical examination officers.

3.3.1 Specialised Jurisdiction over IP Litigations

3.3.1.1 Introduction

The fundamental feature that makes the Taiwan IP Court a specialised court lies in its specialised and concentrated jurisdiction towards IP litigations. The specialised jurisdiction is assured in Article 3 of the Taiwan Intellectual Property Court Organisation Act, it states[13]:

> **Jurisdiction of the Intellectual Property Court includes the following:**
>
> 1. First instance and second instance of a civil action for the protection of intellectual property rights and interests arising under the Patent Act, Trademark Act, Copyright Act, Optical Disk Act, Regulations Governing the Protection of Integrated Circuits Configuration, Species of Plants and Seedling Act, or Fair Trade Act.
>
> 2. Offenses under Articles 253 through 255, and Article 317 and 318 of the Criminal Code; violation of the Trademark Act or Copyright Act, or Paragraph 1, Article 35 of the Fair Trade Act concerning offences under Paragraph 1, Article 20, or Article 36 of the Fair Trade Act concerning offenses under Subparagraph 5, Article 19; and appeal of the first instance decision of a criminal action rendered by a District Court in an ordinary, summary, or settlement proceeding. Criminal actions involving juveniles shall be excluded.
>
> 3. First instance of an administrative action and compulsory enforcement action concerning intellectual property rights arising under the Patent Act, Trademark Act, Copyright Act, Optical Disk Act, Regulations Governing the Protection of Integrated Circuits Configuration, Species of Plants and Seedling Act, or Fair Trade Act.

[13] See the content available at:
http://jirs.judicial.gov.tw/eng/FLAW/FLAWDAT0201.asp?lsid=FL042719.

4. Other cases prescribed by law or determined by the Judicial Yuan to be within the jurisdiction of the IP Court.

All IP litigations in Taiwan, specified in Article 3, fall under the jurisdiction of the IP Court. The concentrated jurisdiction is affirmed in Article 2 of this same Act which states that[14]:

> The Intellectual Property Court Act shall govern matters in relation to civil, criminal and administrative actions over intellectual property.

This concentrated jurisdiction is a very distinctive feature of Taiwan's IP Court, all categories of IP litigation fall under the jurisdiction of this IP Court. Copyright litigation can be presented as an example: copyright infringements may trigger criminal penalties in Taiwan, therefore the criminal jurisdiction is incorporated. The combination of civil and administrative jurisdictions is in fact aimed at resolving the long standing problem of patent litigations being tried in the traditional courts. In particular, their lengthy duration which is a result of the separation of civil infringement claims that are tried in the general courts and the patent validity administrative cases that are tried in the administrative courts.

The traditional two-tiered legal system separates the civil from the administrative claims even though they may have emerged from one single patent claim – this causes a lengthy process and can result in large losses to the litigant[15]. In the traditional legal system, patent disputes are mainly categorised into two types: the validity of patents and patent infringement claims; these two types are highly inter-related since a patent infringement claim has to be based on a valid patent. In addition, they often also share characteristics which compare to other types of litigations.

Patent applications in Taiwan are firstly decided by patent examiners of the Intellectual Property Bureau (IPB) under the supervision of the Ministry of Economic

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[14] See the content available at: http://jirs.judicial.gov.tw/eng/FLAW/FLAWDAT0201.asp?lsid=FL042719.

[15] Tong, C.-Y.,2005, he used to work in TIPO in Taiwan and then works in IPR division of a private corporation, his remarks were made in the seminar on IP Court held by the Judicial Yuan, available at: http://www.judicial.gov.tw/aboutus/aboutus05/aboutus05-47.asp.

Affairs (MEA)[16]. The examiners have one of two backgrounds; they are either internal staff or external experts. The former are required to pass an admission exam which consists of both legal and technological subjects. The latter are usually renowned experts on patents – they are expected to have dual knowledge backgrounds which cover both the relevant legal and technological aspects. The examiners are from administrative authorities; hence they are covered by the jurisdiction of the administrative courts.

Patent infringement claims are taken to the civil courts for consideration. The role of the criminal courts was removed from the patent cases since all the patent infringements were decriminalised in the amendment of the Patent Act in 2003, as a result only civil liabilities remain[17]. This constitutes a two-tiered legal procedural system in patent litigations as already depicted in ***Figure 3-1.***

The applications and objections over patents are decided by the administrative sectors, those who disagree with the administrative decision face the appeal framework within the administrative sector and another two-tiered trial system in the administrative courts. To overturn an original administrative decision, an appeal would firstly need to be made to the Appeal Committee of the Ministry of Economic Affairs (MEA). If the outcome is still unsatisfying, then litigations can be filed firstly in the District High Administrative Court (HAC) and then further in the Supreme Administrative Court (SAC). This four-level dispute resolution system was illustrated in ***Figure 3-2***.

The specialised and concentrated jurisdiction combines a number of concepts; it is more complicated but it is also more applicable than the original legal system in Taiwan. The administrative courts have a two-level system in Taiwan whereas a three-level system is used in the general courts. Therefore the IP Court does not have jurisdiction over the third instance of civil and criminal cases, or the second instance of administrative cases. The jurisdiction is best explained by quoting the description stated on the IP Court website[18]:

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[16] Article 3 of the Patent Act, MEA is in charge of patent related affairs and it is authorised to assign a lower-ranking unit within its organisation to deal with patent matters in practice.

[17] The English version of the Patent Act and its legislative history can be found at: http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT01.asp?lsid=FL011249.

[18] Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=28&Itemid=50.

The jurisdiction of the IP Court includes:

First instance and second instance of a civil action for the protection of intellectual property rights and interests under the Patent Act, Trademark Act, Copyright Act, Optical Disk Act, Trade Secrets Act, Regulations Governing the Protection of Integrated Circuits Configuration, Species of Plants and Seedling Act, and Fair Trade Act.

Offenses under Articles 253 through 255, Article 317 and Article 318 of the Criminal Code; violation of the Trademark Act or Copyright Act or Article 35, paragraph 1 of the Fair Trade Act concerning violation of Article 20, paragraph 1, or Article 36 of the Fair Trade Act concerning violation of Article 19, subparagraph 5 and appeal of the first instance decision of a criminal action rendered by a District Court in an ordinary, summary, or settlement proceedings. Criminal actions involving juveniles shall be excluded.

First instance of an administrative action and a compulsory enforcement action concerning intellectual property rights under the Patent Act, Trademark Act, Copyright Act, Optical Disk Act, Regulations Governing the Protection of Integrated Circuits Configuration, Species of Plants and Seedling Act, and Fair Trade Act.

Other cases prescribed by law or determined by the Judicial Yuan to be within the jurisdiction of the IP Court.

The new specialised and concentrated jurisdiction presented in ***Figure 3-3*****, below,** enables Taiwan's IP Court the jurisdiction to hear different claims regarding IP cases. The traditional two-tiered system was reformed, and the IP Court would be the first instance court for the administrative cases and civil claims. Yet it only serves as the second instance court specifically for criminal claims. Although some may argue that excluding the first instance of criminal cases would complicate the jurisdiction issue and also obscure the original purpose for the combination of a specialised jurisdiction for all categories of IP claims, this is a compromise considering that the manpower of the IP Court may not be able to manage this extra workload (Fan, 2008, p.365).

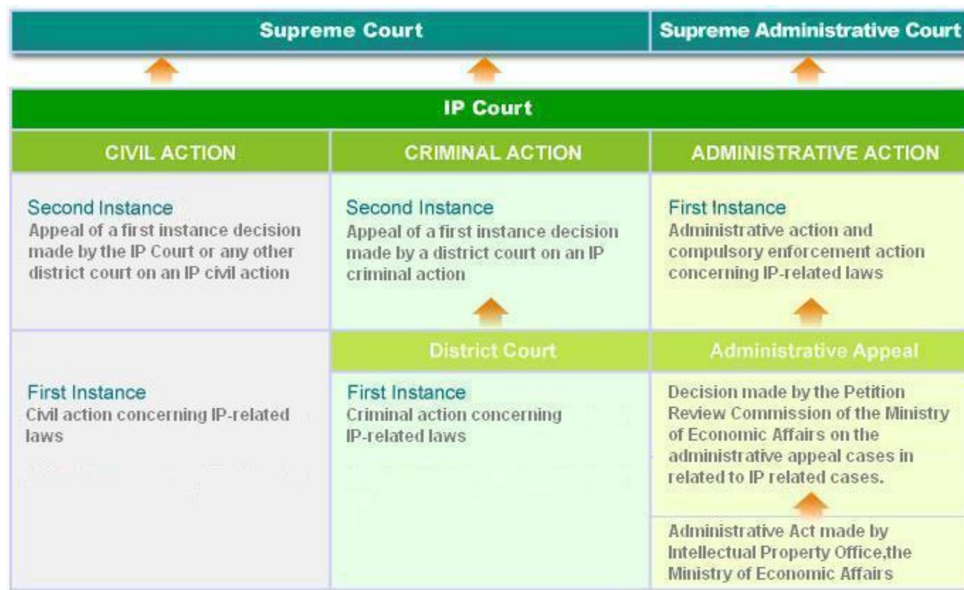

Figure 3-3: The Judicial Structure of IP Cases after the Implementation of the IP Court[19]

3.3.1.2 Analysis

Traditionally, the IP cases which involve civil claims regarding compensation and indemnification should be tried by the civil division of the general courts, the criminal claims regarding penalties due to infringements should be tried by the criminal divisions of the general courts, and the administrative claims regarding validity approval made by the administrative officers should be tried by the administrative courts. Both civil and criminal claims follow the traditional litigation procedures according to the civil and criminal procedural laws. The first instance of the litigation is held by the District Court, the second instance is held by the High Court and the final instance by the Supreme Court.

In addition, the IP Court can serve as the first instance court to the civil and administrative claims, yet not to the criminal claims. The structure of the litigation procedure has drastically changed and can therefore be very confusing. A summary of the changes of the jurisdiction are presented below in ***Table 3.1***.

[19] The information is provided on the website of Taiwan IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=27&Itemid=51.

		Before the implementation of the IP Court	**After the implementation of the IP Court**
Civil cases	First instance	District Court	IP Court or District Court
	Second instance	High Court	IP Court or High Court
	Final instance	Supreme Court	Supreme Court
Criminal cases	First instance	District Court	District Court
	Second instance	High Court	IP Court or High Court
	Final instance	Supreme Court	Supreme Court
Administrative cases	First instance (Appeal)	Administrative High Court	IP Court or Administrative High Court
	Final instance	Administrative Supreme Court	Administrative Supreme Court

Table 3.1: IP Litigation Procedure before and after the Implementation of the IP Court

It is apparent (***Table 3.1)*** that the jurisdiction issue has become a topic of on-going debate among scholars and practitioners. Since the purpose of setting up a specialised court is to be specialised in dealing with IP cases, it is questionable as to why the Judicial Yuan has not proposed an exclusive jurisdiction for the IP Court in the legislation drafted in the first instance. Looking at the records of the Legislative Yuan, when the Secretary General of the Judicial Yuan Fan was interrogated by the legislators in 2006[20] with regard to the quality of the jurisdiction of the IP Court, he replied that the Judicial Yuan intended to define it as a 'priority jurisdiction' instead of an 'exclusive jurisdiction'. The differences between the priority jurisdiction and the exclusive jurisdiction were further explained by the Deputy Secretary General Huang in the same document[21]; in principle IP cases should be tried in the IP Court, yet if they are tried in the general courts, the rulings made by the general courts would still be effective. In other words, the IP Court stands as a prioritised choice for IP cases, yet the general courts still have jurisdiction over IP issues. The explanation provided by the representative of the Judicial Yuan seemed to conveniently avoid the hazard of commenting on invalid rulings with regard to jurisdiction conflicts in IP cases. One of the reasons why the Judicial Yuan prefers to complicate the

[20] *The Legislative Yuan Gazette*, (2006), Volume 95, Issue 33, The 15th meeting of legislation committee of the 3rd term of the 6th Legislative Yuan.

[21] *Ibid.*

jurisdiction issues instead of making them exclusive might be as a result of the broad range of IP issues listed in the IP Organisation Act, which includes criminal claims that are not involved with the long-standing two-tiered problem.

The Patent Act in Taiwan decriminalised patent infringements in 2003[22], thus only trademark and copyright infringement cases could trigger criminal penalties. It is also argued that one of the characteristics of copyright cases in Taiwan has been that the plaintiffs tend to bring criminal claims in conjunction with civil claims against defendants (Zhang, 2002). There are many reasons for them to take this dual approach as the criminal charges would create pressure against the defendants which would increase the chances of winning higher compensation awards and the burden of proof regarding criminal charges is also placed on to the prosecutors – this is very helpful when the plaintiffs are required to present evidence in civil trials.

Although there are justifications for litigants to bring criminal charges along with civil claims against defendants, it is questioned as to whether the IP Court should deal with criminal cases. As suggested above, the criminal offences are mostly related to copyright cases; these copyright infringement cases account for up to 70% of the criminal claims among all of the IP litigations (Zhang, 2007, p.9). These criminal cases rely more on the investigation skills or policing expertise which do not overlap with the technical expertise of the IP Court. When considering the limited manpower of the IP Court, it is perhaps unnecessary to place the criminal cases under its jurisdiction in order to render a more efficient legal procedure for the IP cases.

It is understandable that IP rights holders would prefer to put criminal claims under the specialised jurisdiction of the IP Court; to illustrate, the Chief Executive Officer Lee of the International Federation of the Phonographic Industry (IFPI) in Taiwan expressed his concern at a public hearing on the Intellectual Property Case Adjudication Act[23]. Officials in the Administrative Yuan expressed that the US would prefer to make the IP Court the first instance court for IP criminal cases (Zhang, 2007, p.9). Eventually, the Judicial Yuan took the approach of incorporating the criminal cases into the jurisdiction of the IP Court, yet only in the second instance. The reason is the criminal investigation expertise is more important in the prosecution and policing bodies attached to the general courts. In addition, a long standing

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[22] Dernbach, P., 'Taiwan : Building and Enforcing Intellectual Property', available at: http://www.buildingipvalue.com/n_ap/408_412.htm.

[23] *The Legislative Yuan Gazette*, 2006, 95(45), records on the public hearing held by the Judicial committee of the Legislative Yuan.

phenomenon for litigations in Taiwan is to favour criminal changes due to their deterring effects and the bringing of additional civil claims attached to the criminal one. The specialised jurisdiction of the IP Court is also a concentrated jurisdiction that combines criminal and civil jurisdictions. In traditional courts, judges of the criminal divisions of general courts would normally transfer the criminal cases along with the civil cases to the civil divisions based on Section 1 of Article 504 of Taiwan's Criminal Code of Procedure[24]. It is stated in this section that if the judge considers the additional civil case to be very complicated and would therefore take a long time to conduct the trail, it can transfer the whole case to the civil division.

After creating the IP Court, the criminal division maybe more justified to transfer the criminal case, with any additional civil claims to the IP Court. It should be noted that the plaintiffs of IP cases frequently use criminal charges to apply pressure to defendants. To prevent the above scenario from taking place, Article 23 of the Intellectual Property Case Adjudication Act states that[25]:

> A criminal complaint of any of the offenses described in Articles 253 through 255, Article 317 and Article 318 of the Criminal Code, or a violation under the Trademark Act, Copyright Act, Paragraph 1, Article 35 of the Fair Trade Act concerning Paragraph 1, Article 20, and Article 36 of the Fair Trade Act concerning Subparagraph 5, Article 19, shall be filed with the competent District Court. The same applies where the prosecutor applies for a summary proceeding.

The Article suggests that litigants who favour criminal claims are not allowed to use specialised litigation resources because the traditional courts are prioritised in dealing with criminal charges. In this case, it is difficult to understand why the IP Court has a specialised jurisdiction that combines civil and criminal cases together. It also confuses the specialised and non-specialised jurisdiction particularly when it comes to criminal claims. If the criminal cases are justified to be included in the jurisdiction of the new IP Court, why is the District Court prioritised? The answer to the perplexing jurisdiction issue may be found in Article 1 of the Intellectual Property Case Adjudication Act, which states[26]: 'Intellectual property cases shall be adjudicated pursuant to this Act. For matters not provided for under the Act, the

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[24] Available at: http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=c0010001.

[25] Available at: http://jirs.judicial.gov.tw/ENG/FLAW/FLAWDAT0202.asp?lsid=FL042720.

[26] Available at:
http://210.69.124.203/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28.

laws applicable to civil, criminal or administrative actions, as the case may be, shall govern'. It stipulates that even for the IP cases tried in traditional courts, the court should follow the specific legal procedures; furthermore, the former will be entitled to stronger procedural rights as explained in the following section.

Overall, this new specialised and concentrated jurisdiction has been developed in response to the particular concern regarding facilitating patent litigations. As previously mentioned, the traditional legal procedure follows a two-tiered system which has created lengthy IP cases due to their involvement with administrative claims, such as patent infringements cases which dispute over patent validity decisions. To illustrate, an objection towards patent validity would be heard in the Administrative Court while the infringement case would be heard in the Civil Court, it is very common for the judge of the Civil Court to suspend the whole case pending the final decision regarding the validity issue which will be decided by the Administrative Court. To solve this long-standing problem, the new IP Adjudication Act introduced a new jurisdiction which further states that the judges hearing civil or criminal claims are allowed to take part in the relevant administrative trials regardless of the prohibiting regulation in the Administrative Litigation Proceedings Code. To illustrate, Section 2 of Article 34 of the IP Adjudication Act[27] states:

> A judge handling the intellectual property civil or criminal action may participate in the relevant intellectual property administrative trial, to which Subparagraph 3, Article 19 of the Code of Administrative Litigation Proceedings shall not apply.

The concentration of the civil, criminal and administrative jurisdiction, along with this new rule, allows the judge to take part in different trials as long as they are relevant. It is expected that this will reduce the duration of the traditional long-stay, to a significant extent. In brief, this new coverage of jurisdiction removes the traditional boundaries between civil, administrative and criminal cases by drawing a line which represents the specialised jurisdiction around the subject matter.

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[27] The content of the Article is available at: http://210.69.124.203/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28&limit=1&limitstart=3.

3.3.2 The Incorporation of Technical Examination Officers into the IP Court

3.3.2.1 Introduction

The introduction of the technical examination officers is another significant change implemented by the IP Court. Traditionally the judges in Taiwan were assisted by judicial assistants. Based on Article 12 of the Court Organisation Act in Taiwan, judicial affairs officers also assisted in civil cases and non-litigation cases, in accordance with the Taiwan Code of Civil Procedure and Non-litigation Procedure Act in Taiwan[28]. The Intellectual Property Court Organisation Act also allows for the IP judge to acquire judicial assistants and judicial affairs officers. Article 11 of the IP Court Organisation Act states[29]:

> The Intellectual Property Court may set up an enforcement bureau to administer matters concerning enforcement, or request the enforcement bureau of the Civil Division of an ordinary court or an administrative agency to administer enforcement matters on its behalf.
>
> The enforcement bureau shall have a Judicial Affairs Officer with a recommendation rank between the 7th and 9th grade. If there are more than two judicial affairs officers, the Intellectual Property Court shall select one of the judicial affairs officers to be the chief judicial affairs officer where he shall have a recommendation rank of the 9th grade or selection rank of the 10th grade.

The judicial affairs officers who run the enforcement bureau of the IP Court play the same role as the judicial affairs officers in the traditional courts.

Section 7 of Article 10 of the IP Court Organisation Act allows the IP judge to also acquire judicial assistants[30]:

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[28] See the laws and regulations database of the Republic of China (Taiwan), at:
http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=A0010053.
http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=A0010053.
http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=B0010008.

[29] The content in English is available at :
http://210.69.124.203/ipr_english/index.php?option=com_content&task=view&id=14&Itemid=28.

[30] *Ibid.*

> The Intellectual Property Court shall have assistants to judge. An assistant to judge is to be recruited in accordance with the applicable laws or transferred from other courts, administrative courts, or other appropriate agencies. An assistant to judge shall support a judge in the management of trial proceedings, clarification of disputes, collection of information and offering of analysis.

The regulations above have been listed in detail to clearly illustrate that the IP judge should supposedly have enough manpower to help with their legal proceedings and the following enforcement matters. The purpose of introducing the new staff – the technical examination officers – is to provide assistance to the judges in terms of expertise in technical matters. As has previously been reiterated, the judges' lacking of technological expertise could slow down the legal proceedings which would eventually result in great losses to the parties. The technical examination officers were therefore established in a bid to assist the judge to find their way swiftly through the jungle of technological matters. From this point of view, it is surprising that Article 16 of the IP Court Organisation Act, which lists the qualifications required for an eligible technical examination officer, still places a large emphasis on the knowledge of intellectual property rights instead of focusing solely on the technical matters[31], to illustrate:

> **A technical examination officer of the Intellectual Property Court shall satisfy one of the criteria set forth below, to qualify for the position:**
>
> 1. Has served as a patent examiner or trademark examiner for over three years in total with good track record; or has graduated with a Master's Degree or above from a graduate school of a public or private university or an independent college, or a foreign college or independent institute recognised by the Ministry of Education, and served as a patent examiner or trademark examiner or assistant examiner for over six years in total with good track record; or has graduated with a diploma in a relevant field from a public or private college or a foreign college recognised by the Ministry of Education, and served as a patent examiner or trademark examiner or assistant examiner for over eight years in total with good track record; or

[31] The content of this Article in English, is available at: http://210.69.124.203/ipr_english/index.php?option=com_content&task=view&id=14&Itemid=28&limit=1&limitstart=2.

> 2. Is or was a lecturer in a relevant programme of a public or private university or independent college for over six years in total, or an assistant professor, associate professor, or professor for over three years in total, or a research fellow at a public or a private professional research institute for over six years, and has specialised publications on intellectual properties rights with proof.
>
> With respect to the qualification of a technical examination officer referred to in subparagraph 1 of the preceding paragraph, the seniority as a patent examiner or trademark examiner prior to the promulgation of the statutes on patent examiners and statutes on trademark examiners may be regarded and counted toward the seniority as the technical examination officer described in the first paragraph.
>
> 'Good track record' in subparagraph 1 of the first paragraph shall mean a record of at least two As and one B on the merit system in the past three years, with no criminal sentence, corrective measure or a demerit on the daily performance merit system, and shall be supported by documents issued by the relevant institutions.

3.3.2.2 Analysis

Article 16 of the IP Court Organisation Act suggests that the technical examination officers shall either be experienced examiners or prestigious lecturers. In practice, most of the technical examination officers working in the IP Court at present were 'borrowed' from the TIPO (Fan, 2008, p.366). In the implementation of the IP Court, the judicial sector planned to 'borrow' 10 examiners from the TIPO to serve as the first batch of technical examination officers in the IP Court (Fan, 2008, p.366). Eventually the Judicial Yuan's list of technical examination officers included nine people, all of which were former patent examiners at the TIPO (He, 2008b). Their professional backgrounds ranged from mechanical engineering, the semiconductor category of electronic engineering, chemistry, biotechnology through to pharmaceutical.

The Judicial Yuan stated that the list of technical examination officers may be expanded and new staff may be introduced in the future depending on the demands of the IP Court. In May 2009, the technical examination officers with TIPO working experience still dominated the IP Court; this observation was made by a lawyer (Lin, 2009) who also noted that the IP judges tend to consult with the technical examination officers on patent issues. As technical examination officers use their expertise to

solve patent issues in the IP Court, it is particular interesting to refer back to the comments made by the attorneys concerning the practice of the traditional courts with regard to patent cases (Kuo and Chen, 2008):

> 'In the past (noted here is referred to the traditional court system), as most judges and litigators did not have an educational background other than law, they needed to rely heavily on the opinion of the patent authority and the opinions of external independent verification instates to determine the validity of infringements issues. Thus, the verification report became the weapons used to fight the patent litigation regarding the factual issues. As a result, it was quite common to see three verification reports in a patent infringement suit; each party submitted its own report and the verification institute appointed by the court prepared the third one. This practice has been seriously criticised as it allows the verification institutes to act as the real decision makers, rather than the judge'.

The verification reports are often time-consuming to compile and hence the verification process is deemed as a serious fault in the practice of the traditional courts. The first issue to be questioned with regard to the introduction of these technical examination officers, is whether these technical examination officers play a better role since they have been moved from the verification institute of TIPO to the IP Court? It is true that the scenario presented today is now different, but when they worked in TIPO, they submitted verification reports following the order of the court. Yet another question would be to what extent the difference actually is? This point raises questions as to whether these technical examination officers might be biased towards the examiners who have granted or who are current asserting the validity of the patent in question (Fan, 2008). The more serious concern levelled against these technical examination officers concerns how they actually act/behave in the court and how much influence they actually have upon the judge. In addition, it is unclear how the parties in question would react to these technical examination officers. Sadly the answers to the above questions are either too obscure or pessimistic in terms of bringing about improvement. It should however be noted that these technical examination officers are neither witnesses nor appraisers; they are not required to make statements in the court. The technical examination officers may ask questions to both parties: the witnesses and even the verification experts. Article 4 of the Intellectual Property Court Adjudication Act states[32]:

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[32] The content of the Article is available at: http://210.69.124.203/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28.

The court may, whenever necessary, request a technical examination officer to perform the following duties:

1. Ask or explain to the parties factual and legal questions based on their professional knowledge, in order to clarify the disputes in action;
2. Ask questions directly to witnesses or verification experts;
3. State opinions on the case to the judge; and
4. Assist in evidence-taking in the event of preservation of evidence.

Furthermore, Article 4 shows that the technical examination officers work as assistants or consultants for the judges, and they have the ability to raise questions to the participants of the legal proceedings. On the contrary, Article 8 of the Intellectual Property Case Adjudication Act states[33]:

> Before any special professional knowledge, already known to the court, is adopted as a ground for judgement, parties shall be accorded an opportunity to present their arguments regarding such knowledge.
>
> The presiding judge or commissioned judge shall direct the parties to issues concerning the legal relations of the disputed matters, and shall, whenever appropriate, provide his legal opinions and disclose conviction.

Article 8 implies that the parties have the opportunity to raise questions towards the technical examination officers' judgements, if they are adopted by the judge as a ground for their ruling. Nevertheless, this relies on the judge and whether the judge is aware of the impact of the opinion made by the technical experts. Under these circumstances, it is argued that the parties should have the chance to question or challenge the consultation opinions made by the technical examination officer to the judge – this is central to the success or failure of the IP Court (Zhang, 2007, p.13).

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[33] The content of the Article is available at: http://210.69.124.203/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28&limit=1&limitstart=1.

3.4 Chapter Conclusion

This section will summarise the new features available within the IP Court. The new IP litigation system reforms can be concluded into several main points. Firstly, although the establishment of the IP Court was fuelled from both international stresses and domestic needs for a new overhauled IP litigation system, by looking at the history of its establishment, it can be said that the IP Court was pushed forward by external pressures, particularly from its biggest trade partner, the US. Although it is common for less developed or less powerful countries to accept IP legal requirements from more developed or powerful countries under the IP globalisation trend (Dutfield, 2005; Chon, 2005), in the case of Taiwan, the power of the international enclosure and a global and uniform IP legal framework did not come directly from the requirements of the TRIPS Agreement (Yu, 2007). Nonetheless, this does not suggest that Taiwan is relieved from the international enclosure effect; on the contrary, the little room that the US has left for Taiwan to make domestic changes to balance the social-economic dimensions of their IP litigation system, has vividly mirrored the TRIPS model.(Yu, 2007).

Secondly, the author of this thesis observed that the instrumental perspective dominates the IP Court; this consists of multiple folds of meanings and is evidenced by its founding and the main features of it. First of all, the establishment of this IP Court provided an instrument for accommodating the international enclosure stresses which urged for better IPR protection mechanisms. Secondly, the incorporation of technical experts into the specialised judiciary indicates the pragmatic attitudes towards certain IP litigations which involve a high density of technical knowledge. Lastly, the combination of all IP related litigations, under one single specialised jurisdiction, symbolises the government's determination to prioritise IPR protection. The instrumentalism backbone of the IP Court is also illustrated by the public statements made by the high ranking officials. They herald the connection between the IP Court and international recognition of Taiwan's efforts to protect IP rights, while also highlighting that the court contributes to better economic developments. It can be said that the Taiwan IP Court was created as a tool to achieve both pragmatic and symbolic purposes, while also making a distinction between these two functions.

Briefly speaking, its pragmatic purpose aimed to improve the efficiency and quality of patent litigations. Taking its main features as an example, the combination of civil and administrative IP claims under one single specialised jurisdiction is beneficial for resolving the two-tier problem. In addition, the introduction of technical experts is

particularly helpful to patent cases as they usually involve a high density of technical expertise. While the pragmatic purpose of the Taiwan IP Court seems more obvious and self-explained, the symbolic purpose of the Taiwan IP Court are carried out in a more subtle and implicit way. It will be presented in the sixth chapter (see:6.1 Different Proposals of Specialised Judiciary on IP Litigations), that the establishing of a specialised IP Court may not be the only solution for dealing with IP ligations. In addition, a discussion for establishing an independent court instead of setting up specialised divisions within the traditional courts will be presented, when comparatively the former may be more powerful at conveying a message of IP protection on an international and national level. Furthermore, when looking at these new features, the combination of jurisdiction includes not only civil and administrative claims but it also places different IP litigations within the one basket; however, in truth they don't all get equal treatment. IP rights involve groups of legal rights, each of which carries individual characteristics that are also shown in the litigations. The distinction between its pragmatic and symbolic functions will be further explained and analysed in the fourth and fifth chapters.

To further prove the impact of the IP Court at different levels and for different categories of IP litigations, the next chapter will focus on patent litigations as an example for analysing the impact of the establishment of the IP Court for IP litigations. By contrast, in the fifth chapter, copyright litigations will be utilised to provide a comparison to explain the different characteristics. Consequently, the new features of the IP Court, which aim to improve patent litigations, may not necessarily be helpful to all cases – in particular copyright cases.

In addition, despite the introduction of technical expertise being a revolutionary step, the role of technical examination officers is yet to be made clear, and there is wide concern that the parties in the IP Court do not have the opportunity to defend the technical examination officers' opinions as they are not given knowledge of the opinions expressed by them. The belief that the judge renders better performance with assistance from the technical examination officers, will be examined in the sixth chapter, by the results retrieved from practical performances and interviews with the legal experts (see: 6.3 The Interaction between the Technical Examination Officers and the IP Judges).

CHAPTER 4 THE IMPACT OF THE TAIWAN INTELLECTUAL PROPERTY COURT ON PATENT LITIGATIONS

It may seem conflicting that, as some research suggests, many firms report that they do not rely on patents to appropriate a return on their innovation (Levin et al., 1987; Cohen et al., 2002); in contrast, the traditional literature of patents tends to agree that the patent is a trade-off between providing incentives for innovation and disclosure, and the creation of a temporary monopoly (Erkert and Langinier, 2011, p.15). The arguments above are therefore polarised but also coexistent as they can respectively refer to the advantages and disadvantages of the patent system. On the one hand, the economic incentive and disclosure of patents may promote new inventions, help the dissemination of knowledge, and encourage technological transfer and commercialisation. Conversely, the economic monopoly may also result in social and transaction costs in terms of knowledge dissemination, technological transfer and commercialisation. The focus of the traditional patent literature placed more emphasis on the optimal design of substantial laws in balancing the advantages and disadvantages of patents (Mazzoleni and Nelson, 1998; Gallini, 2002). Nonetheless, as it will be argued in this chapter, patent litigation plays an important role in exercising patent rights, despite the fact that the impact of the litigation on patents seems to be generally ignored by the various discussions concerning the patent system.

This chapter will firstly provide a general analysis of the characteristics of patent litigations, it will explain the interplay between patent rights and judicial litigations, and it will summarise the meaning of litigations on patent rights. While being mindful of the relation of the litigations and patent rights, the second part of this chapter will utilise the main features of the Taiwan IP Court as examples for examining the impact of the IP Court upon patent litigations. In addition to the documentary analysis, the second part of this chapter will be supported by data collected from qualitative interviews with IP specialised lawyers and non-specialised lawyers. These responses will provide an invaluable source allowing for the examination of the impact of the Taiwan IP Court with regards to patent litigations. These responses will offer a contrasting image for understanding the gap between the

impression and the experiences of the Taiwan IP Court. The conclusion of this chapter will summarise the concepts presented in the analysis. Finally, this conclusion will identify the impact that the IP Court in Taiwan has had upon patent litigations.

4.1 The Characteristics of Patent Litigations

The debate to establish a more comprehensive and international harmonised legal framework on intellectual property rights (IPR) has been ongoing (Dutfield & Suthersanen, 2005; Yu, 2004; Kimar, 2003; Dutfield, 2005; Sell, 2003; Richard, 2004). Irrespective of whether it is justified, as harmonising the IP laws worldwide and regardless of each country's developing level, the integration of international and domestic IP laws have increasingly occurred across the world through the implementation of international treaties. The emphasis of recent and relevant literature has been placed on the reform of substantial regulations rather than on the litigation procedural system. The litigation procedures tend to play a subordinate role in response to the reforms of the substantial laws. Reforms on litigation procedures are often limited in improving the efficiency because of the legal pragmatist ideology that is the backbone of the discussion of this field – as suggested in the second chapter. In other words, a good litigation procedure is expected to realise the substantial rules in as efficient a manner as possible.

As stated in Section 2 of Article 41, of the most widely accepted international legal standard regarding IPR protection (the TRIPS Agreement[1]): 'Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays'. The first sentence in this Article requires 'fair and equitable enforcement' which actually fits within many different cases, not just those specially tailored for IPR. However, it is worth noting the request accentuated in the second sentence, which can be concluded as: 'no unnecessary cost or unreasonable time wasting'.

In addition to this very important international treaty on IPR protection, which stresses the procedural costs and efficiencies, the recent reforms in the IPR litigation system in the US, the leading country in terms of IPR theories and practices, also implies the same school of thought. The two major reforms on the litigation system, with regards to patent cases in the US, occurred in the early 1980s through to the

[1] Available at: http://www.wto.org/english/tratop_e/trips_e/t_agm4_e.htm.

mid-1990s. In correlation to the explosion of both patent applications and patent litigations, a main focus was on the founding of the Federal Circuit Court, with a specialised jurisdiction in which the power to deliberate on patent claims shifted from juries to judges (Bessen and Meurer, 2005; 2006). Understandably, the specialised jurisdiction and professional legal experts were all created in an attempt to help the realisation of the substantial rules. The specialisation of the jurisdiction also suggests a concentration of legal power to the experts in this field and to the judges. As a result, the litigation system has developed in a direction which restricts the access of non-professionals by focusing on the involvement of experts to create more efficient legal conclusions.

The transferring of power from the juries to the judges has created a specialised court which is more equipped due to its increased knowledge and understanding of patents – this vividly reflects the 'efficient litigation' school of thought. Therefore the supposed function for the litigation procedure is to generate rulings of a high quality, in an efficient manner. The efficiency and quality rulings, achieved by these specialised and professional experts, may not achieve the second requirement set by the TRIPS Agreement, which is to avoid unnecessary costs while providing an efficient litigation enforcement system. Even if the reforms achieve the TRIPS Agreement's efficiency requirements, the perception of the litigation system will still be limited by the commercialisation ambition of the IPR. This litigation system is deemed to be a production line responsible for creating legal conclusions for IPR cases; thus, more experienced experts were hired in an attempt to make this system more efficient and less costly. Nevertheless, the ideas behind this litigation system need to be thoroughly explored and analysed to provide understanding of the IP litigations and the significance of the legal enforcements about IP rights.

This chapter will consider the widely quoted 'specialised and efficient' concept in relation to litigation practices. This research intends to utilise an alternate view of the litigation system by probing into the characteristics of the IPR cases and the interactions between the litigation system and the formulation of IPR, in order to realise the true impact that the litigation has on the shaping of IPR. Furthermore, litigation will then be provided with an appropriate position on the legal stage/stance. Limited by time and resources, this chapter will consider a number of patent cases in order to exemplify the arguments and reasoning. This chapter will begin by identifying the elusive nature of patents themselves; it will suggest that litigation is used to legally transform the financial value of patents, and that it is these litigations

which form a negotiation environment within the market where the value of patents can be discussed and finalised.

4.1.1 The Litigation and the Boundaries of Patents

4.1.1.1 The Nature of Patents: The Uncertain Boundaries of Patents

The term 'intellectual property' can be compared to the 'emperor's new clothes' concept. No one has ever seen it, no one has ever touched it, but the holders claim that they have it. The only difference between the emperor and the IPR holders is that the latter are backed by legal force. Suggested by Spence (2007, p1), if an intellectual property lawyer is asked to her subject matter is more likely to produce a list of legal regimes rather than a concept giving them coherence. As such, they are within their rights to claim economic rewards or impose criminal punishments to infringers. In other words, IP is not defined in the same manner as real properties, which have physical and tangible boundaries instead they are defined by a set of legal rights which are also intangible. To define the concept of "intellectual property" is a matter of some controversy (Biron, 2010), most agree that the term has only recently been used as a way of grouping together the four most commonly discussed intellectual property rights--copyrights, patents, trademarks, and trade secrets--under one label (Biron, 2010). Therefore, rather than using the term 'intellectual property', the term 'intellectual property rights' may be more precise and closer in reality.

For example, real property owners enjoy permanent property rights unless they transfer the property to someone else. In contrast, intellectual properties are limited to a certain period of time. Furthermore, real property owners can keep the benefits of their property exclusively to themselves, while intellectual property holders are controlled, to a certain extent, by public interests and concerns, such as compulsory licensing in the case of patents – thus forcing patentees to authorise the licensing of the patent concerned. To summarise, intellectual properties are governed by a set of rights invented by law as well as by the limitations prescribed by the law itself. It is not only intellectual properties themselves that are creations of society, but, so is the law created regarding them. Under these circumstances, the application and interpretation of these intangible ideas are the production of substantial legal rights. Despite the legal attempts to define the intangible assets, they still tend to be: blurred, obscure and elusive. As a result, the boundaries of these intellectual properties constantly need the interpretation and practice of the law to draw a line. The best way to acquire an adequate interpretation or a firm definition is through the litigation

practice in the court – the litigation therefore shapes the intellectual properties. The interpretations and rulings made by the court may only provide 'intangible lines'; however, this is better than a simple compilation of rules that leave many questions when it comes to the practice.

As a branch of intellectual properties, patents undoubtedly possess the intangible nature as stated above. Yet there are other reasons for patents to be the most elusive kind among all the IPR. As mentioned in the previous paragraph, IPR are created and enacted by law. In the case of patents, their validity is examined by the authority and the boundaries of the patents are defined by the approved patent specification submitted with the application. To illustrate, Section 1 of Article 26 of the Patent Act in Taiwan states: 'The specification referred to in the preceding Article shall contain the title of invention, description of invention, abstract of invention, and scope of claims'[2]. Applicants of patents should submit a specification with all the details above and the scope of the claims form part of the submission for the authority's discretion[3].

It should be noted that from the very first step of a patent application, including the writing of the specification, there are polarised considerations for applicants to think about.

4.1.1.2 The First Challenge: Contradictory Considerations of Writing up the Specification

Before a patent application is placed in front of the examiners, it is worth noting that even if the examiner approves the application without dissenting opinions, the approved specification can still be argued and interpreted differently at a different stage in the courts. The famous Prozac patent case is one example of this. To illustrate, in 2001, the Court of Appeal of Federal Circuit in the US ruled that the pharmaceutical manufacturer Eli Lilly's, 549, patent, which covered the blockbuster drug Prozac, was invalid due to double patenting[4], the stock price of the plaintiff fell sharply on the day the decision was revealed and the defendant started to file an invalid patent litigation towards other pharmaceutical manufacturers in order to

[2] Article 26 of Patent Act in Taiwan, available at: http://db.lawbank.com.tw/Eng/FLAW/FLAWDAT0201.asp.

[3] In Taiwan, patent applications are examined by the Intellectual Property Office of the Ministry of Economic Affairs.

[4] *Eli Lilly and Co. v. Barr Laboratories Inc.*, 251 F.3d 955, 58 USPQ2d 1869 (Fed. Cir. 2001),

enlarge its market share (Drake and Ergenzinger, 2002). As a consequence, a very detailed and clear specification, with which it is relatively easy to get approval from examiners, should not be considered 'life insurance' for dedicated patentees.

It seems out of the question that all applicants should seek to clarify, as much as possible, the scope of their patent in the specification; however, time should be taken as this application should establish a solid foundation for one's own patent rights which should minimise the possible damages of any later objections by others. The general rules about clarifying the claims are stated in Section 2 and 3 of Article 26 of the Patent Act in Taiwan:

> 'The scope of claims shall indicate distinctly the invention for which the patent is claimed. Each claim shall be written in a concise manner and must be supported by the descriptions and drawings of the invention… The manner for disclosing the description, the claims and the drawings of an invention shall be prescribed in the implementing Regulations of the Patent Act'.

Despite the fact that these rules appear to be reasonable, in practice the patent applicants are often posed with the dilemma between explaining the invention in very specific details and circumventing possible fights which may be raised by other competitors concerning vague claims over the application.

The advantages for providing a detailed disclosure in the claim are certainly in the applicants mind; however, the disadvantages of disclosing the invention, such as leading to a possible objection by competitors or being obliged to publicise possibly their most advanced technology, are also in their thoughts. There are a number of precedent patents which were declared as invalid in the litigation brought by the opponents of the claimants. It is hard for applicants to compile a specification which considers all of the possible scenarios, especially when different interpretations, by the court, are not uncommon in patent cases.

Since the application for a patent requires detailed disclosure in the specification of the patent claim, and given that an approved result could be further rejected or questioned in the courts as well as the concern regarding the cost of the trial, the considerations are varied to the patentees of the various types. For example, smaller firms tend to use trade secrets instead of patents to protect their inventions (Lerner, 2005). Thus, the disclosure of a patent means a higher risk that other patentees may object, and this increases the possibility of going through a litigation process.

Furthermore, a patentee may jeopardise the secret of their invention under the request to disclose all details in the specification when obtaining approval from the examiners. In the Prozac case mentioned previously, the claimant would encounter considerable losses in the following litigation procedure if they failed in the legal battle. Subsequently, once an applicant decides to submit the specification, they must realise that this triggers the chance of litigation particularly when the patent system becomes more complicated and when it becomes easier to trespass on other patent boundaries. As indicated in Lerner's research (2005), applicants generally keep enforcement and litigation costs in mind, even when some analytic models don't (Aghion and Howitt, 1998). These considerations are also based on the fact that the litigation process has the power to determine the legal boundaries of the patent rights.

4.1.1.3 The Second Challenge: Disputable Examination Processes that Change the Shape of Patent Claims

A patent, like other intellectual properties, is delineated by the law. As a specific type of intellectual properties, patents are different from copyrights which come into existence automatically when the creation is completed. A patent requires an application process with details on the 'scope of claims' that aim to define the boundaries of the patent. This scope is firstly written by the applicant, who is the first person to identify the shape of the patent. The scope of claims, as defined by the applicant, is then examined by the examiners of the authority; for example, the Intellectual Property Office (IPO) in Taiwan or the Patent and Trademark Office in the US (USPTO). The examiners, by their nature, may change the scope of claims or even reject all of the application. Therefore a patent, prior to entering the court, is shaped by the considerations of various people. The first stage of the patent application is stated in law, at the second stage the applicant writes documents according to their own considerations, and then in the third stage the examiners present their opinions on the claim. According to Article 46 of the Patent Act in Taiwan, applicants who are dissatisfied with the rejection decision made by the authority examiner are able to file for re-examination within 60 days. Article 49 states that within 15 months, patent holders are able to make a supplement or amendment to the specification. In other words, the shape of the patent is constantly unstable and disputable under the repeated examination and supplementary process. Eventually the shape of the patent claim is the outcome of a series of negotiations between the applicant and the examining authority. The result may differ from the applicant's expectation and this may also differ greatly from the examiner's first

decision. During this negotiation process, applicants can raise objections to the decision made by the examiner; they can also make additional supplements or amendments to the original defined patent claim. The examiners are able to approve or disapprove the claim as a whole or in part.

The changeable shape of patents has raised an important question to all patentees and to those who are against them with regards to the defining of boundaries of a particular patent and to making it into a permanent shape. The administrative decision can be questioned and the decision can also be overturned, as can the law with the power to make the decision over this intangible asset. As a result, the more uncertain the boundaries of the specific patent are, the higher chance that the patent will be exposed to litigation risks. This point of view is not only based on the assumption of logical reasoning, it has been suggested in the current literature on law and economics and it is also supported by empirical examination on patent cases across the US (Lanjouw and Schankerman, 2000). The variance in determining the value of a patent will be discussed further at a later stage in this document, yet it is possible to conclude that during the process of patent applications, there are many challenges that might change the shape of its original claim(s). It is fortunate if a patent is litigation-proof throughout the application process; however, if it is not, then before reaching the final decision, the shape of the patent claim is always subject to changes.

4.1.1.4 The Third Challenge: Lack of Uniform Legal Standards on the Interpretation of Patent Claims

Patents, prior to being confirmed by the courts, are vulnerable; this vulnerability raises a question regarding whether there is a uniform standard regarding the interpretation of patent claims. Taking the doctrine of equivalents for example, , the doctrine of equivalents allows patent holders to enjoy equal protection on each point that is described in the specification. The main purpose for this doctrine is to ensure that the protection equally covers every innovative point, including the main innovative point and any other supplementary ones. As a consequence, the patent holders' rights are better protected against the vicious attacks by competitors who take advantage of the less creative points within the scope in an attempt to invalidate the patent as a whole. Conversely, others may argue that this doctrine has gone too far in protecting the trivial points and is, as a result, stifling innovation. Nevertheless, whilst this doctrine is selected by a relatively large number of users, the doctrine itself is evolving but it is still susceptible to imposing some limitations on patent claims

(Shen, 2008). Because this doctrine seems to favour the patentees, it is questioned more and more in terms of its fairness. For countries such as the US, Germany, Japan and the UK, some limitations of the doctrine of equivalents have been developed. Not only is the US Patent Law faced with this controversy, but patent lawmakers in Japan and the UK have discussed the limitations of this doctrine from an equal rights perspective for both the patentees and those in opposition to them (Shen, 2008).

From the stance of the court, both the interests of the patentees and the public who want to enjoy the benefits of the invention should be considered. A balance can be difficult to achieve and even harder to predict as the legal rulings are made on a case by case basis. Therefore, this lengthy examination process can provoke changes in the boundaries of patent claims and the applicants can encounter uncertainties during this changing litigation process. There are various legal doctrines and the law does not stipulate any doctrine as compulsory. Even so, the content of the doctrine is based on the judges' interpretation in the trial. In summary all of the above point to one conclusion: that the massive uncertainties of legal standards that patent claimants need to confront is a never ending journey from the beginning of the application to the proceedings of litigation.

4.1.1.5 The Fourth Challenge: Exclusive Privileges under Constant Threat from the Infringers

It is commonly accepted that patents refer to legal rights which exclude other competitors from appropriating the invention; however, these founding boundaries, of exclusive privileges, are constantly questioned throughout and even after the examination process. In this section, it will be noted that even after a patent is granted, this exclusive privilege, promised by the law, will always be challenged by the public or, to be more precise, by the infringers of it. Only if the infringers get their punishment will this 'monopoly' be assured.

A granted patent is only able, at this stage, to: 'attempt[ing] to exclude other competitors from appropriating the profits of this innovation'. Infringers on patents will, to some level, be deemed as challengers to these patent winners. While an infringer starts to appropriate the value on the patent, a process to challenge the granted monopoly has begun. Patentees may seek for private settlements or bring the case to the court in an attempt to get economic remuneration or criminal punishments against infringers. Initially it will be questioned as to whether the

infringer does indeed trespass on the valid boundaries of the patent. Even if the boundaries and validity of the patent are confirmed by both parties, the calculation of values regarding this legal monopoly will begin and a discussion will ensue. This question has much in common with the previous ones discussed in earlier sections: the determinants are obscure; no uniform legal standard exists regarding the final decision; the result is objectionable; and, both parties have polarised opinions during the negotiation. The exact value of this legal privilege is unstable and constantly at risk of infringers' hostile challenges. Some findings from recent papers can help with understanding the correlation between the infringers and the patentees. It is surprising, but these two opponents in the legal battle can inadvertently positively affect the other. To begin, the values of a patent can be continually changing and the value attached to an innovation also change over time (Sheery and Teece, 2004). Despite not all patents go through the same process from invention to expiration, a complete life cycle of a patent can be split into five distinct stages, as shown in the list presented here:

1. The invention is completed;
2. The patent is applied for;
3. The patent is granted;
4. The patent is found valid and infringed;
5. The patent expires.

The value of the patent will jump considerably at the third stage, but it will achieve its peak in the fourth stage (Sheery and Teece, 2004). This is largely due to the market that considers granted patents as synonymous to valuable assets. However it is still disputable and the value of the patent is not yet well-defined. Once the patent is found valid and infringed (note that only valid patents can be infringed), then the economic value of the patent will significantly rise, as the value of this patent is confirmed by the trials.

There are many cases that prove that there will be a sharp fall in stock prices if the court rules to interpret the patent claims in a narrower fashion, and an even greater fall will occur if the court rules a rejection (Sheery and Teece, 2004, pp.181-2). Taking the previously mentioned Prozac case as an example, not only did the stock price of the manufacturing company fall sharply by 31%, but there was a substantial effect on other pharmaceutical and biotechnology corporations as well (Drake and Ergenzinger, 2002). This shows that the influence of litigation results brought by patents can be massive, not least from an economic perspective; consequently, the definition of the

property rights and the enforcement both have to be taken into account to determine the liabilities of infringements (Friedman, 2009, chap.5).

In conclusion, it is reasonable for patents to achieve the highest standard at the stage when it enjoys legally proved validity and protection against infringements; but, the value of the patent will be challengeable, at all times and, until the litigation procedure has reached its final decision. Following this school of thought, the infringers actually play an active role in patent litigation and they help to confirm the exclusive privilege and contribute to defining the value of the patent.

4.1.1.6 Summary: Litigation – the Final Step to Establishing the Boundaries of Patents

To reiterate: the intangible qualities carried by patents; the design of the examination process that leads to the changing shape of claims; the contradictory concerns when applicants submit specifications; the diversified and evolving interpretations of the doctrine of equivalents; and, the uncertainties that lie in the legal rights that are provided by patents, all point in the same direction – the intangible patent is vague and elusive in many ways by its nature, always jittery under the threat of objection. Much room has been left by the substantial law for further delineation to clarify the exact scope and validity of patent rights and it is in this space that the litigation process falls. It is clear that the litigation procedures play an important role, as the ultimate decision maker, in terms of defining the patent scope and its value. To summarise, litigation plays a particularly important role in judging the value of patents, conversely litigation is not attached with such importance to any other intellectual properties, including copyright – this will be explained further in the following chapter.

4.1.2 The Litigation and Legal Transformation Process: Generating the Value of Patents

4.1.2.1 The Positive Correlation between the Qualities of Patents and the Litigation Proceedings

Much of this document has been devoted to explaining the complexities of patent cases. In this section, the reasons will be shown why patentees choose to support these multi-tiered and lengthy procedures. As stated previously, throughout the procedure the patent is subject to constant threats of validity objection and

infringement disputes. Yet the outcomes from these procedures are likely to make it worthwhile.

According to Krieger's (2005) research, which was based on patent cases in the US, there is a positive correlation between the scope of patents and participation in litigation proceedings. Firstly, on average 8.43 citations are made to previous innovations of US patents, while 14.2 citations are made for litigated patents. This suggests that patents which have been processed through the judicial procedure are more widely cited. Secondly, the average duration of each application is 2.7 years, while that of a patent application involved with litigation proceedings is 4.6 years. This suggests a time-consuming process that could be as a result of the applicants' desire to obtain stronger patent protection. The third statistic of interest is based on the number of claims made on each patent, on average this number is 13, while that of a patent involved with litigation jumps to 19.6. These numbers indicate that the litigation proceedings may be lengthy and costly, but that there is a positive correlation between the scope of the patent rights and the involvement of litigation procedures.

Another empirical study focused on data collected in patent cases in the US. Lanjouw and Schankerman (2000) suggest that when the value of a patent is deemed more important, then it is more likely that the patentee will be willing to put the patent through the lengthy and tortuous litigation process. Examples for reasons for this could be: it forms a basis for a sequence of technologically-related innovations held by the patentee, or the innovation is perceived to be of high value. An example of this second case could be drug-related or health patents, where the estimated probability of litigation during the lifetime of these patents is more than 25%. In addition, the 'publicity effect' usually occurs shortly after the patent is litigated, this is followed by an increased chance that the patent will be cited by other inventors (Lanjouw, and Schankerman, 2000). This reasoning can also be made in reverse order. In the first instance, it may be that another patent forms the basis and so it is more likely to infringe on this base patent's boundaries and litigation will be brought against the patentee. In the second cause, when the innovation carries a higher value, more competitors will be interested in defining the patent in a narrower fashion or they may completely drive the patentee away from the market. In other words, it is difficult to differentiate between the consequences and the causes. Nevertheless, Lanjouw and Schankermans'study (2000) offers assurance that the correlation between the litigation rates and the quality of patents is quite positive.

In general, the proprietors of patents are entrepreneurs or corporations rather than individuals, it is worth noting that even though litigation proceedings for patents are time consuming and expensive from an individual's perspective, for corporations this is a very different situation. Though it may be an additional cost for them to take patents into the court, the return may prove worthwhile. As a result, the litigation proceedings have become an index of patent rights; generally when the holders are willing to confront litigation it usually suggests that they are more prepared, and the base of their patent is more solid.

Whilst the perspective above may be positive, there may also be a more sobering version too. While most of the patent claimants deal with the litigation proceedings as a way of enhancing and ensuring the scope of the protections, some take advantage of the great influence of the proceedings on patents to circumvent fair competition in the market. According to a survey conducted by the Intellectual Property Owners Association of the US (Lin, 2006), more than 51% of its entrepreneur members consider the approval of patents to fall short of the required standards of innovation and applicability. Known as the 'patent bubble' phenomenon – this refers to patents without solid grounds of innovation or which are applied for in the wrong market to which they have been designed for. The applicants get the approval in an attempt to eliminate other competitors by obtaining granted exclusive rights patents. In many cases, the purpose of these bubble patents may fail as a result of a restricted feasibility and competitive edge within the idea.

Nevertheless, both perspectives result in the same conclusion: the complexities and costs for settling patent disputes are already taken into account by the claimants – they are generally not trying to avoid litigation but are attempting to obtain the best from it.

4.1.2.2 The Differences between Innovation and Intellectual Property Rights

As aforementioned, the complete life cycle of a patent can be divided into five stages : The invention of a patent, the application a patent, the patent is granted, the patent is valid and infringed ,and patent exlires (Sheery and Teece, 2004, p.180). In the first stage, when the innovation is just completed, it will carry some economic value for the inventor when applying this new technology in practice; however, initially this technology may not be patentable which suggests the quality of this patent may be lower. If the technology is patentable but has not had a patent applied for, other competitors can quickly learn and appropriate the value attached on the technology,

which would lead to a 'dilution effect' on the innovation. The dilution effect causes a dilution of the economic values of the innovation. Either way, during this first stage, the value of an innovation is blurry as it is without security or examination.

When an application is submitted to the patent authority its value will increase slightly because this second stage proves that the quality of the innovation has reached the threshold of patentability. Then, at the third stage, the patent value will make a relatively large leap because it is granted and, with it, entitled to legal monopoly rights. The fourth stage is the pinnacle of the patent's value because by being proved valid and infringed upon in the litigation, the validity and values of this patent are confirmed and protected by legal force. Finally, the life of the patent will end in the fifth stage, when it expires.

From stage one to stage five, the innovation stays the same, but there is a difference between stage one and stage three and four where the value of this innovation suddenly goes up. Interestingly, the innovation remains the same, but there is a legal transformation in it; when the innovation stands alone in the first stage, there is economic value attached to the innovative idea yet there are no legal property rights to the owners. Once the innovation obtains a patent, the economic value is retained exclusively by the patentee. It is questionable whether the legal monopoly provides a method for encouraging innovation in proportion to the economic value that the innovation carries. The economic monopoly property rights that are granted by the patent have significantly increased the value of this innovation. Most importantly, it will keep the competitors away and can even produce economic returns from the competitors, if they infringe upon this monopoly.

The most important difference that separates a pure innovation and a patented property lies in the legal transformation process. This refers to the administrative examination process in stage three and the litigation process in stage four. In the literature of the patent, the existence of this legal transformation process is deemed as a necessary evil, a trade-off between providing incentives for innovation and disclosure on the one hand, and the creation of a temporary monopoly on the other hand (Eckert and Langinier, 2011, p.15).

Apparently, the legal rights invented in the third stage can be changed in the fourth stage because a judge in charge of the litigation can overrule the decisions made by the examiners at the administrative level. That is to say, the litigation stages hold the key to offering the ultimate end-point of the legal transformation process. Prior to the final trial, there are opportunities for this legal transformation to be activated – again

this could change a valued patented innovation into something worthless.

As mentioned previously, the result of this process must be tempting enough for patentees to deem it worth the trouble. Patent litigation does not save time or money, but considering that it terminates the legal transformation process and it perpetuates the legal rights, it does allow for the value of successful patents to increase significantly. Particularly if the economic rewards between stages four and three are greater than the presumed cost of conducting a patent litigation. This provides valid reasons for completing the legal journey and for making the best of a patent. As a result, the more value that an innovation carries, the more likely it is to be litigated, not only because its opponents make it a bigger target, but also because its owners are keen to secure its potential.

4.1.2.3 Summary: Litigation as a Process to Generate and Secure the Legal Rights of the Innovation

A patent litigation requires time, money and energy inputs; it is a continuous legal battle fighting for the monopoly promised by assured patents. Yet a patent litigation acts as a legal transformation process to mature the innovation to 'intellectual property with legal rights'. It is a process which generates and perpetuates the legal rights on the subject matter.

From the perspective of patentees who choose to file a patent suit, the economic value of securing the legal monopoly of this innovation is greater than the cost of the litigation. On the contrary, from the perspective of opponents against patent holders, the economic rewards to fight for the patent must be great in order to obtain a return for the investment. Therefore, it is concluded that the patent litigation, as a legal transformation process, generates the value of patents, and so, it also acts as an indicator of the patents value.

4.1.3 The Cost of Litigation Reduces the Value of Patents

4.1.3.1 The Chief Arguments for Patent Systems: Economic Foundation Overshadows Ethical Grounds in Practice

In previous sections of this chapter, it has been shown that the boundaries of patents are disputable and the value of a patent is changing along with the legal transformation process, due to its nature of being an intangible IP asset. The above

discussions focus more on how the legal aspects impact on the innovation as well as the value of it. In this section, an attempt will be made to argue that as patent litigations play the leading role in the 'legal transformation process' the litigation as a legal procedure is largely confined by the economic boundaries of the patentees and the opponents.

With regard to the fundamental arguments that support patent protection, there are various considerations (Machlup, 1985), including: first, the 'natural law' theory that assumes that human beings are entitled to a natural property right to his or her ideas, and that legal monopoly is a way of preventing any appropriation without consent. Second, the 'rewards by-monopoly' theory suggests that proportionate rewards must be granted to innovators so as to achieve social justice and the temporary exclusive rights granted by patents are justified. Third, the 'monopoly-profit-incentive' theory is similar to the 'rewards by-monopoly' concept, but it places more emphasis on industrial progress. As such, it considers the reward to be the incentive for innovation which is beneficial to the whole industry. Fourth, the 'exchange for secret' theory suggests a contract between the innovators and the public, the former discloses all secrets about the innovation in exchange for exclusive privileges.

These theories can be categorised into two groups, they either argue for the patent system on ethical grounds or economic-pragmatic grounds, or a combination of both. The ethical theories have had much less attention; the literature on the rationale behind patent protection is so limited that even a document written half a century ago is still worth mentioning.

The reason why the rationale behind patent protection is less addressed may be because patent validity examinations and infringements cases have taken most of the space in the legal process in transforming an innovation into a patented property. Unlike copyright, patent holders must have experienced a legal battle to confirm the rights granted by the law. It is therefore natural for the ethical based theories to be ignored, because it is difficult to imagine that there is a 'natural right', conferred by the law because the innovators cannot enjoy the patent monopoly without fighting an examination or other litigation process. When considering the legal battles that patentees must progress through to confirm the patent rights, it is hard to convince people that the patent is based on 'natural rights' as they never get these rights naturally.

Thus, whether the patent system actually achieves the economic goals it proclaims remains disputable (Gallini, 2002); given these arguments, this research takes an economic approach to argue for the patent system, particularly with concerns to the real practice of patents. The patent law appears to be based on the economic assumption; therefore, this section provides further analysis of the legal transformation process from a more economical perspective. It is assumed that the fundamental purpose of the patent legal system is to provide the exclusive monopolistic legal rights which assure economic rewards to innovators so as to encourage their innovations. But does it really work this way? How do patentees and opponents respond to this legal system from their respective economic views? These questions will be addressed in the following sections.

4.1.3.2 The Economic Foundation of the Patent System and the Cost of Patent Litigations: Legal Costs that Deduct the Benefits of Patents

It is not surprising, due to the patent system being supported by the economic assumption, that there is a significant volume of literature estimating the value of patents (Bessen, 2008). As stressed repeatedly, patent values are assured only when their legal status is confirmed, often through a lengthy litigation process. This means that the benefits of patents can never be realised without the cost of the legal transformation process. While the literature is rich in discussing the benefits of patents, it is much less concerned with the costs of the legal processes which acquire these patent values (Bessen and Meurer, 2007).

The cost of patent litigations can be divided into several parts. The first part concerns the legal costs generated in the courts by the legal process, such as: fees to pay the attorney that allows the patentees and infringers to proceed with the trials. Based on an empirical analysis of patent cases in the US (Bessen and Meurer, 2007), the judges tend to grant fee rewards to the patentees if an intentional infringement is found, and to the infringers if the patent litigant is vexatious.

So, how much does a patent litigation cost? According to a survey completed between 2008 and 2010, by the American Intellectual Property Law Association (AIPLA), the estimated cost of patent trials were: $767,000 when the stakes were less than $1 million, $2,645,000 when the stakes were between $1 million and $25 million, and, $5,499,0002.992 million when the stakes were over $25 million. These numbers have continued to increase in reports made by AIPLA in subsequent years.

By contrast, the estimated cost through discovery were $461,000 when the stakes were less than $1 million, $1,589, 000 when the stakes were between $1 million and $25 million, and $3,340,000 million when the stakes were over $25million. This data indicates two facts: firstly, the cost of conducting this litigation process is far higher than others, and secondly, the legal process cost is linked directly to the value of the patent; in short, the more valuable the stake, the higher the legal cost.

Kesan and Ball's (2006) empirical study identified how the expected legal costs of a case were related to the ways in which the litigations were terminated. In this study 5,207 lawsuits, filed in 1995, 1997 and 2000, were examined. The researchers found that most of the cases which were terminated before the trial were so because of a summary judgement or other substantive court ruling. Only 4.6% of lawsuits reached trial, 8.5% of lawsuits were terminated with a summary judgement, dismissal with prejudice, or confirmation of an arbitration decision, and the remaining 86.9% of cases were terminated early in the trial. Based on this data, the researchers examined the correlation between the legal fees and the number of days before the suit terminated and the number of documents filed. Their data shows that suits which went to trial lasted approximately 1.5 times as long (in days) as suits that ended with a summary judgement, and suits that ended with a summary judgement lasted about 1.5 times (in days) longer than all other suits. In addition, suits that went to trial led to an increase in documents, about 2.5 times as many as suits that ended with a summary judgement. In addition, the suits that ended with a summary judgement generated about 2.5 times as many documents as all other suits. Furthermore, most of the patent cases tended to seek settlements in the earlier stages of trial, and the longer the litigation process takes the more legal costs will be generated. As a result, the costs increase in relation to the benefits of the patents and unavoidably will result in a deduction on the patent values. Unfortunately, this is not discussed at length in the theoretical foundation about patent systems; but, it is apparent that this is happening in the real world.

4.1.3.3 The Cost of the Legal Transformation Process for Patents: The Investment Costs and Losses in the Course of Patent Litigations

On the face of it, the investment cost occurs prior to the introduction of the patent, so has nothing to do with the subsequent litigation costs. However, nowadays, many firms are mindful of the litigation costs and develop their patent strategy based on the litigation. From this point of view, the investment cost is delicately calculated so as to avoid the possibility of further lawsuit costs in the court. By this definition, the

investment cost is a cost that incorporates preparation of the legal transformation process. Subsequent to the legal costs generated in the courts of a litigation process, and also of costs preparing for the legal transformation process, there are potential costs concerning losses in the value held by the patentees or the infringers along with the proceeding of the litigation.

It is easy to think of the value lost when patentees lose a case. When this occurs, the patentee's legal status is equal to the legally proven infringers, which results in massive losses in the patent value held by the patentees. In this scenario, the loss of patent value can be calculated from the losses in the market value of the patentee, usually the loss of market value corresponds to an associated drop in the investor's expected profits (Bessen and Meurer, 2007, p.18). The losses of patent values are not limited to only market losses when a patent's validity is questioned. From the perspective of a valid patent holder, going through the litigation process to ensure the legal validity for patents, revelation on some precious information may be required. In fact, some scholars even characterise the patent litigation as an information transmission mechanism (Choi, 1998). This would then amount to losses in market value as the information is the core of the patent. As suggested in the literature, information about the quality of the patented technology, the possible market-entry plans of patentees, and the managerial quality or level of effort input regarding the patent, are revealed while filing patent lawsuits. To summarise, the cost of litigation is at least as large as the loss in the market value of the patent, but it is not usually limited to that.

4.1.3.4 The Infringement Risks: a Cost for Patent Enforcement

Even with reference to the legal costs, the market value losses that arise in the course of litigations and the investment costs prior to the litigation, the possible infringements of patents cannot be ignored. In particular, the core concept of patent rights is to exclude others from using the innovation, yet the law does not act in this way. The enforcement cost of patents corresponds to the risks of infringements and this infringement risk is two-sided. On the one hand, from a perspective of patent protection, an innovator has to make observations on other competitors in the market (Cramps and Langinier, 2002). This can result in costs for conducting monitoring activities on imitators, and if necessary, unusual costs to prevent the infringers from appropriating the value of the patent by taking the case to litigation.

The above is fair to consider, but there is another side of this infringement cost. In fact, every patentee is also a candidate which can constitute infringements. While a patentee makes use of the patented technology the patent does not grant an ensured ground on the patent validity, the patentee could end up being sued by other patent holders. As stressed in the previous discussion, patents can be overruled in the courts even after they have been approved by the administrative body. Thus, the approval of a patent merely suggests that the innovator can enjoy their legal monopoly rights, yet, at this point they become exposed to the advent of possible infringements suits. This infringement check, though already done at the first stage by the innovators, then secondly by the administrative body, does not promise a secured infringement-proof patent. On the contrary, while the patent gets approved and the patentee starts to use the innovation, only now does a basic foundation for infringement claims occur with the activation of making use of this innovation process, which establishes a basic requirement for the infringements: using something that is only allowed exclusive usage.

A statistician, who commented on the latest developments of a patent lawsuit against a biostatistician, quoted: ‘If you’re getting sued in the pharmaceutical industry, you must be doing something right’ (Borrell, 2008). A similar joke also circulates throughout the tech industry[5]. As found in previously mentioned empirical studies, there is a positive link between the value of a patent and the risks of litigation. These jokes which represent conventional wisdom, among the innovators, again support that point. A patent with a higher value is more likely to be sued, yet the higher value will only be generated after its approval. Thus, it is reasonable to conclude that the approval of a patent does not only suggest that the granted exclusive usage will provide the basic foundation for the infringements claim, but also that it will provide higher risks to infringements because of its higher value.

While succeeding in obtaining patent approval, the patentee faces higher risks of infringement charges which inevitably lead to potential losses in terms of market value of the patent[6]; these infringement risks are a necessary evil for patentees. The

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[5] See footnote 28 of Bessen, J. and Meurer M., The Private Cost of Patent Litigation, *Working Paper Series of Boston University School of Law*, Law and Economics Working Paper, No. 07-08, 2007, at p22. A tech industry joke on hearing that someone has been sued is: “Congratulations, you must be doing something right!”

[6] Though the number does not correspond the disappearing financial value that the patent contains, at least the loss is as large as the financial benefits deduction, because there are other legal cost to be counted.

patentee needs to get the innovation approved so as to enforce the patented technology, therefore, the cost of dealing with infringement charges can be deemed a necessary cost to enforce the patent and as such is usually deducted from the value of the patent. Certainly the higher the value of the patent, the higher the cost is likely to be, but in that case, the percentage of the cost may not be proportionate to the increasing enforcement costs.

4.1.3.5 Summary: The Discounted Patent Values and Barriers to Innovation and Competition

In this section, the costs that litigations may bring, to the patent, are elaborated and considered step by step. The litigation costs when deducted from the value of the patent are considerable, especially as there are many other costs involved. In the previous section of this chapter (section 4.1.2 The Litigation and Legal Transformation Process: Generating the Value of Patents), it is suggested that litigations are used to generate higher values for the patents. However, there is also a great potential that it could reduce the value that the patent gained in the approval stage. The proportion of value deducted from the patent, as a result of the litigations, depends on the results of these litigations. The winning patent can ensure its validity and increase the value of its patent further; but, this is discounted by the other costs to some extent. The loser will lose the whole value of the patent in addition to the other costs which have not yet been accounted for.

The most worrying scenario is when the real value of patents are reduced considerably by litigations; in this case, new innovators may think twice before they embark on innovation, unless they are assured that the value of the forthcoming patent will be high enough to cover the accompanying costs. In a 1995 report on biotech firms, Lerner (1995) suggests that only 33% of large firms consider litigation to be a deterrent to innovations, in comparison small firms see this as 55%. In addition, Lanjouw and Schankerman (2001) suggest that the probability of a particular patent being involved in a litigation suit is significantly lower when the patent holder has a large portfolio of patents. Thus, large firms gain an advantage since there are more chances for them to circumvent the litigation costs because the option of cross-licensing is higher. This can also be interpreted as the total value of the patents in a cumulative sense where the costs of litigation to one specific patent are shared by the other patents. Certainly, it can be concluded that a large cost is

attached to a patent while on its way to litigation which could amount as a deterrent to new or small entrants into the market.

4.1.4 Summary: The Efficiency Concern of Patent Litigation and the Specialised Court

As litigation may result in the creation of value as well as value reduction, is it possible to utilise the value of a patent without costly litigations? The answer to this question seems somewhat pessimistic. Due to the vague nature of patents, as suggested earlier in this chapter, there is no certainty as to which party will win a case. As there would be no patent lawsuits filed if a case achieved a certain outcome (win or lose) in a dispute (Bessen and Meurer, 2006, p.6), in contrast to the patent litigations which sometimes explode over time (Hall, 2004), it may be assumed that the litigations are a commonly accepted way to finalise the value of a patent. Since the boundaries of patents await litigation to finalise them, the course of litigation has become a negotiation process for participants in the market. Each side is hoping to appropriate the biggest share of value from the litigation. From the perspective of patent protection, the higher value that the patent caries, the more willing the holders are to enter into a costly litigation process to ensure the grounds for validity. From the perspective of patent appropriation, the imitators are seeking a narrower approach on interpretations of a patent’s boundaries, and the infringers are seeking for the same but fairer.

As litigations are used to appropriate the value of patents, the costs of this negotiation process are carefully taken into account. Therefore, settlements before trials are common in patent litigations, and it is not surprising to see data which is based on an empirical study that spanned over five years, between 1995 and 2000, regarding patent cases resolved in the US; the study found that the vast majority of cases settled (Kesan and Ball, 2006, p.272). This study only calculated the cases that were settled as definitely, and as of 1995, 47% of cases were definitely settled, 46% in 1997 and 47% in 2000. However, there are several scenarios that indicate a settlement in reality but without the official formality. Cases terminated in a consent judgement have a great chance of being settled, because in these cases the parties request a consent agreement in an attempt to formalise the settlement. A stipulated or agreed dismissal is also often an indication that the parties have reached some form of agreement. A voluntary dismissal occurring after the complaint is answered or with prejudice can also denote that the case has been settled as well. If these settlements

are included in the statistics, then approximately two thirds of all the patent cases, during this period, were terminated in a settlement.

As mentioned previously the highly valued patents are more likely to enter into trials. So it is concluded that patent litigations are a costly game in the market in which both sides fight over the boundaries. The higher the value of the patent, the more willing the holders are to proceed, with the litigation procedures, into the final stage; it should be noted that it may be cheaper to settle the case with the other party considering it an enforcement cost under the patent system. Using litigation as a way to negotiate the value of patents can also be shown from another phenomenon, known as the 'patent troll'. Usually the subject patent of patent trolls are usually less valued ones and, according to the assumption above, they are less likely to be brought into the litigation proceedings; however, these patent owners have found an alternative way to appropriate the values and this is a common legal practice which involves filing an infringement suit against others on a contingent basis, so as to play a role actively in the legal negotiation process of the highly valued patent.

As a consequence, the patent trolls perfectly reflect the litigation – it is a costly negotiation process in the market which finalises a vague value of the patent. While the higher probability of highly valued patents are suggested, small patent owners know they can take advantage of the vagueness of patent boundaries and the higher enforcement costs of those owners of highly valued patents. A share from the enforcement cost of a valued patent may be even higher than the total value of their less valued patents.

To summarise this whole chapter, litigation has played a leading role in defining these legal property rights rather than the substantial rules as a result of the vague nature of the patents. It is suggested that litigation is the way to generate and secure the value of patents in order to save it from spending costs on infringement attacks, such as patent trolls. In activating this legal transformation process, subsequent risks that may provoke indirect consequential losses as well as direct costs are generated. Consequently, each party of the litigation is struggling to find a balance between seeking benefits and reducing costs to maximise the appropriation of the patented assets.

Patent litigations offer a way of activating the negotiation process while also providing a way to determine the suitable value of the patents. It can, therefore, be concluded that litigation is a common activity for patentees and infringers to negotiate,

and a line is drawn on the boundaries and the effects of patents. In short, in terms of patents, litigations are commonplace in the market as they negotiate the value of the patents. In this context, both parties of patent litigations may not seek for a final ruling in the court and the litigation procedure itself can be considered as part of the negotiation process once the benefits and costs of the litigations are calculated. As a conclusion the characteristics of patent litigations suggest the efficiency of the litigations system is often placed in higher value than the accuracy of the final rulings. Therefore from a legal pragmatist perspective, improving litigation efficiency in patent litigations should be attached with more importance in the analysis of the establishment of a specialised court.

4.2 The Impact of the Taiwan Intellectual Property Court on Patent Litigations

4.2.1 Specialised Jurisdiction

Traditionally, IP cases may involve different claims, including: civil claims, regarding compensation and indemnification which should be tried by the civil divisions of the general courts; criminal claims, regarding penalties towards infringements which should be tried by the criminal divisions of the general courts; and, administrative claims, regarding the validity approval made by the administrative officers which should be tried by the administrative courts. Both civil and criminal claims follow the traditional litigation procedures. The first instance of the litigation is held by the District Court, the second instance is held by the High Court and the final instance is held by the Supreme Court.

After the implementation of the IP Court, as stated in the third chapter, the IP Court is entitled to specialised and concentrated jurisdiction with regard to IP litigations. The structure of the litigation procedure is drastically changed (Kuo and Wang, 2007). This specialised and concentrated jurisdiction has a profound impact upon IP litigations which will be illustrated, further, by statistics of performances provided by the IP Court, in the following section.

4.2.2 Performance Statistics Following the Introduction of a Specialised Jurisdiction

Table 4.1: Number of Filings and Dispositions of Patent Cases in the First Instance of the Taiwan IP Court[7]

Number of Filings and Dispositions of Patent Cases in the First Instance of the Intellectual Property Court				
July 2008 to May 2011			Unit: Case	
Litigation Type	**Cases Lodged**	**Newly Lodged**	**Cases Terminated**	**Cases Pending**
Total Civil Cases in the First Instance	**876**	**876**	**716**	**160**
Subtotal of Patent Rights	**521**	**520**	**423**	**98**
Enjoining an infringement	22	21	20	2
Preventing an infringement				
Contract-related controversies	7	7	3	4
Attribution of rights	5	5	4	1
Infringement-related controversies	**476**	**471**	**386**	**90**
Use-related controversies	4	4	3	1
Other	7	12	7	

Number of Filings and Dispositions of Civil Cases in the Second Instance of the Intellectual Property Court – By Type				
July 2008 to May 2011			Unit: Case	
Litigation Type	**Cases Lodged**	**Newly Lodged**	**Cases Terminated**	**Cases Pending**
Total Civil Cases in the Second Instance	**502**	**502**	**365**	**137**
Subtotal of Patent Rights	**319**	**316**	**215**	**104**
Enjoining an infringement	7	6	7	
Preventing an infringement	1		1	
Contract-related controversies	8	8	3	5
Attribution of rights	5	5	3	2
Infringement-related controversies	**292**	**290**	**197**	**95**

[7] Statistics retrieved from the official website of the Taiwan IP Court: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=70&Itemid=105.

Number of Filings and Dispositions of Civil Cases in the Second Instance of the Intellectual Property Court – By Type				
July 2008 to May 2011			Unit: Case	
Litigation Type	**Cases Lodged**	**Newly Lodged**	**Cases Terminated**	**Cases Pending**
Use-related controversies	2	2	1	1
Other	4	5	3	1

Table 4.2: Number of Filings and Dispositions of Patent Cases in the Second Instance of the Intellectual Property Court – By Type[8]

Number of Filings and Dispositions of Criminal Cases in the Intellectual Property Court – By Type				
July 2008 to May 2011			Unit: Case	
Crime Type	**Cases Lodged**	**Newly lodged**	**Cases Terminated**	**Cases Pending**
Total	**792**	**792**	**710**	**82**
Subtotal of General Criminal Law	76	65	64	12
Offenses against Agriculture, Industry & Commerce	2	1	2	
Offenses relating to Protection of Secrets	1		1	
Other	73	64	61	12
Subtotal of Special Criminal Law	716	727	646	70
Violation of Copyright Act	**410**	**414**	**366**	**44**
Violation of Trademark Act	190	199	174	16
Violation of Fair Trade Act	1		1	
Other	115	114	105	10

Table 4.3: Number of Filings and Dispositions of Criminal Cases in the Intellectual Property

8 Statistics retrieved from the official website of the Taiwan IP Court: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=70&Itemid=105.

Court – By Type[9]

Number of Filings and Dispositions of Administrative Cases in the Intellectual Property Court – By Type				
July 2008 to May 2011			Unit: Case	
Category	**Cases Lodged**	**Newly Lodged**	**Cases Terminated**	**Cases Pending**
Total	**1242**	**1242**	**1096**	**146**
Trademark Act	747	747	665	82
Patent Act	**480**	**480**	**418**	**62**
Copyright Act	4	4	3	1
Optical Disk Act	1	1	1	
Regulation Governing the Protection of Integrated Circuits Configuration Act				
Species of Plants and Seedling Act				
Fair Trade Act	1	1	1	
Other	9	9	8	1

Table 4.4: Number of Filings and Dispositions of Administrative Cases in the Intellectual Property Court – by Type[10]

According to ***Figures 4.2, 4.3, 4.4 and 4.5***, from July 2008 to May 2011, patent cases accounted for approximately 60% of the civil cases lodged in the first and second instances of the IP Court. More than 90% of patent civil cases were related to infringements controversies. Since patent infringements were decriminalised by the reformed Taiwan Patent Act in 2003 (Dembach, 2009), there were no patent criminal cases filed in the IP Court during this dates. Conversely, patent and trademark cases dominated the administrative cases category.

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[9] Statistics retrieved from the official website of the Taiwan IP Court: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=70&Itemid=105.

[10] Statistics retrieved from the official website of the Taiwan IP Court: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=70&Itemid=105.

These figures provide a rough picture of the composition of the litigations in each division of the IP Court. More than half of the civil cases are related to patent infringements claims; in contrast, the criminal cases can be ignored in the discussion of patent cases and the administrative cases are dominated by trademark and patent issues. With regard to this order, the quality of and efficiency of the patent cases after the specialised and concentrated jurisdictions were granted to the IP Court will be examined.

An official report was made by the Statistics Sector of the IP Court (Chou and Wang, 2010); practical data was collected and presented to cover the 1 July 2008 to the 30 June 2009 period. In other words, this data shows field observations of the first year's progress since the IP Court was inaugurated. With regard to the civil cases, litigations tried in the first instance in the traditional District Courts with an average of 395 days needed to reach a conclusion, whilst in the High Court this number was 574 days, however, only 83 days were required in the IP Court (Chou and Wang, 2010, p.25). With regard to the administrative cases, an average of 191 days were required for a trial proceeding in the traditional Administrative High Court, and conversely, only 114 days were needed for a decided case in the IP Court (Chou and Wang, 2010, p.25).

The most undistinguished cases occur in criminal litigations (Chou and Wang, 2010, p.25). While 83 days were needed in the traditional District Courts, and 111 days were needed in the High Courts, 74 days were needed in the IP Court. The difference between the specialised court and the traditional District Court is small and this gap may continue to narrow in the future as more cases will inevitably pile up after the new IP Court has been functioning for a while. Therefore, it is possible to draw the conclusion that the IP Court is more efficient with regard to the civil cases and administrative ones, which are more related to patent litigations. As mentioned earlier, civil claims have the closest link with patent cases, but the gap of litigation durations is also the widest. As a result, patent cases obtain greater benefits from the establishment of this specialised IP Court.

It is important to putting the efficiency issue aside and focus solely on the quality of the rulings: if we assume that when a litigant applies for an appeal they are dissatisfied with the ruling, then, the statistics retrieved from the report (Chou and Wang, 2010, pp.34-35) show that 68% of litigants were happy with the rulings of civil cases processed in the IP Court, 57% were satisfied with the rulings of criminal cases and 73% were satisfied in administrative cases. The numbers are on average higher

than that of the traditional courts, in which 46% of litigants processed in the traditional courts, at the same instance level, were satisfied with the rulings of the civil cases during the same time, and 49% were satisfied with the criminal cases tried by the traditional courts. The sharpest decline appears on the administrative cases: only 46% of litigants were satisfied with the results tried by the traditional Administrative High Court. It is noted that while the administrative cases processed in the IP Court are 27% higher than those tried in traditional courts, the gap for civil cases is only 5% different to the administrative ones, and comparatively the gap is only 8% with regard to criminal cases.

The same conclusion was found when the statistics regarding overturned rulings were reviewed (Chou and Wang, 2010, p.35). Overall 92% of rulings of civil cases tried in the IP Court were upheld (reviewed by the Supreme Court) compared to 85% of those in the High Court. On the contrary, only 60% of the rulings of criminal cases were upheld compared to 75% in the traditional court. Nevertheless, rulings of administrative cases made by the IP judges were 100% sustained compared to 94% made by the Higher Administrative Court. As a result, from the perspective of the Supreme Court, rulings of civil and administrative cases made by the IP Court were approved 7% more often than the traditional courts. It is surprising to see that the performance of criminal cases made by the IP Court was 15% lower than that of the traditional courts. In general, the statistics point in the same direction: civil and administrative cases are the strengths of the IP Court, but, the quality of the criminal cases is in the last position across every consideration.

In sum, the field statistics show that a specialised and concentrated jurisdiction in the form of the IP Court, considerably improves the efficiency and quality of the civil and administrative cases. Combining the number of administrative and civil cases together, there were 226 patent cases, while there were 220 trademark cases during the same period. It is concluded that patent litigations have therefore benefited the most as they make up the majority of these litigations.

4.2.3 Technical Examination Officers

The Intellectual Property Court Organisation Act allows the IP judge to acquire judicial assistants and judicial affairs officers. Article 11 of this Act states[11]:

[11] Available at: http://jirs.judicial.gov.tw/ENG/FLAW/FLAWDAT0202.asp?lsid=FL042720.

> The Intellectual Property Court may set up an enforcement bureau to administer matters concerning enforcement, or request the enforcement bureau of the Civil Division of an ordinary court or an administrative agency to administer enforcement matters on its behalf.
>
> The enforcement bureau shall have a Judicial Affairs Officer with a recommendation rank between the 7th and 9th grade. If there are more than two Judicial Affairs Officers, the Intellectual Property Court shall select one of the Judicial Affairs Officers to be the Chief Judicial Affairs Officer where he shall have a recommendation rank of the 9th grade or selection rank of the 10th grade.

The judicial affairs officers who run the enforcement bureau of the IP Court play the same role as the judicial affairs officers in the traditional courts.

Section 7 of Article 10 of the IP Court Organisation Act also allows the IP judge to acquire judicial assistants[12]:

> The Intellectual Property Court shall have Assistants to Judge. An Assistant to Judge is to be recruited in accordance with the applicable laws or transferred from other courts, administrative courts, or other appropriate agencies. An Assistant to Judge shall support a Judge in the management of trial proceedings, clarification of disputes, collection of information and offering of analysis.

The introduction of the new staff – the technical examination officers – was aimed at providing assistance to judges by providing expertise in technical areas. This paper has reiterated that the judges' lack of technological expertise is responsible for slowing down the legal proceedings which eventually result in greater losses to the parties. Thus, technical examination officers were established in a bid to assist the judge to find their way swiftly through this 'jungle' of technological myths.

Yet, as stated in the third chapter (section 3.3.2 The Incorporation of Technical Examination Officers into the IP Court), the technical knowledge provided by the technical examination officers seems to play an important role in the IP Court, the technical reports they make are, in practice, only for the IP judges' reference and they are not disclosed to the litigants. Although it is commonly agreed that the IP judges are obliged to disclose their reasoning regarding the case to protect litigants from being ambushed by the final verdict, as part of the fundamental litigation rights at the

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[12] *Ibid.*

constitutional level[13]; nevertheless, the law does not stipulate the obligation of judges to disclose the full report and in practice there is no way to force the IP judges to disclose all necessary information to litigants, even when this information may influence the final ruling. Putting aside the issue of access to the report and looking at the practical statistics, as suggested above, the litigants are mostly satisfied with the quality of the administrative cases trialled in the IP Court – this statistic can be cross-examined with the number of cases in which the technical experts played a role.

Conceivably, many lawyers and potential litigants are in support of public access to the reports made by the technical experts, on the grounds that they are entitled to know the content and defend themselves[14]. But, the representatives of the judicial sector emphasised that this could confuse both parties in the IP cases, in terms of whether the IP judges or the technical examination officers were hearing the case once the whole report was disclosed and regulated to form part of the judges' final rulings[15].

4.2.4 Performance Statistics of Performances Relating to the Incorporation of Technical Examination Officers

According to the former Chief Technical Examination Officer Lin of the IP Court[16], almost all the cases which are assisted by technical examination officers are related to patents. Less than 1% of the cases assisted by the technical examination officers are related to non-patent subjects – these cases are mostly software program of copyright cases. Nevertheless, the number of non-patent cases assisted by the technical examination officers is decreasing due to the major function that the technical examination officers play in providing technical analysis to the judges. In general,

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[13] *Supra* note 112, Professor of National Taiwan University, Sheng, suggested that litigation procedural rights should be considered and protected.

[14] Records of the conference of the IP Adjudication Act, held by the IP Court on 23/11/2009, the second agenda is about whether the reports made by the technical experts should be fully disclosed to both parties instead of them being kept only for the reference of the judges. The context of the records is available at: http://www.judicial.gov.tw/IProperty/.

[15] *Ibid,* Deputy Director of the Judicial Administrative Department of the Judicial Yuan, Huang, Lin-lung, he also stressed that reports are not disclosed in Korea and Japan, either.

[16] Lin, Kuo-tan, worked in the Taiwan IP Court as the Chief Examination Officer through the years 2008 to 2010, and was transferred to the TIPO afterwards. The information in the context was provided by him in an interview in December, 2010.

the main dispute in copyright cases lies in comparing the similarities of subjects so as to decide whether the copying is sustained by legal definition, and usually the comparison tasks do not require technical expertise. Therefore the statistics below relate to the cases assisted by the technical examination officers and reflect the impact that these technical examination officers have had on patent litigations; the number of non-patent cases are low and will therefore be ignored.

From July 2008 to June 2009, there were 364 cases assisted by technical examination officers in the IP Court[17], including 171 civil cases in the first instance, 57 civil cases in the second instance, 128 administrative cases and 8 criminal cases. Among these cases, which were assisted by the technical examination officers, more than 48% were related to mechanical matters, which is also the most popular category for judges to seek help from the technical examination officers[18]. There were three technical examination officers belonging to the mechanical category, two were assigned in the category of electronic and electronic engineering related matters, which accounted for 16% of all the cases assisted. One technical examiner was responsible for the chemistry and information category, which accounted for 12% and 10% respectively. The remaining three technical examination officers supported new designs, architecture and medical matters, with each of them accounting for 4%, 4%, and 3% of these cases, respectively.

Between July 2008 and June 2009, 11% of the administrative cases concluded in favour of the plaintiffs, compared to the previous year when IP related administrative cases were tried in the traditional courts, at this point only 8% were decided in favour of the plaintiffs[19]. The sharpest reduction was again found in the group of patent litigations, where 18% of cases ruled by the IP Court were in favour of the plaintiffs, compared to only 10% of those ruled by the traditional Administrative High Court[20]. As previously noted, there was some doubt over whether the examiners from TIPO would be able to do their work effectively without any bias or prejudice from their previous working experience. However, the numbers above indicate that the gap proves that, with the assistance from these examiners, the plaintiffs have a greater chance of winning their cases than before.

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[17] The Judicial Yuan Report on IP Litigations, at p.41, table 6.1.

[18] *Ibid*

[19] *Ibid*, at p.24-25, also Table 2-12 and Table 2-13.

[20] *Ibid,* at p.25.

Therefore it may be concluded that the technical examination officers have had a positive effect on the litigants (with special reference to those who applied for patents).

4.3 The View of the Lawyers

4.3.1 Interviews with Lawyers

As stated in section 1.2.3 Methodology , between March and June 2010, 25 interviews with lawyers were completed. Of the respondents, 14 were lawyers specialising in IP legal issues with litigation experiences in the new IP Court, while 11 of them were lawyers dealing with general litigations and with no litigation experience in the new IP Court.

Their perspectives varied and reflect their different experiences of IP cases. It is worth noting here that it was difficult to find interviewees, for a number of reasons. Firstly, lawyers tend to be afraid of expressing their own opinions that may be against the litigation procedures as this could harm their reputation. Secondly, as the IP Court was only established in July 2008, the number of cases were limiting when comparing the experiences of the lawyers in the traditional courts with those from the IP Court. Lastly, patent litigations usually involve technological expertise and giant corporations have long-term cooperation relations with some of the leading law firms. All of the above results in a patent litigation concentration phenomenon in this field; therefore, most of these cases are in the hands of few leading law firms that specialise in IP issues both in terms of quantity and importance.

In addition to the difficulties of finding suitable interviewees, it was also not expected that the lawyers would be able to provide answers to all the questions in the questionnaire. Most lawyers have their own specialities and they may only take a specific category of cases; as IP cases can range from patent, copyright, trademark, fair-trade, genes and seeds protection, and so on, some of the lawyers were only qualified to answer some of the questions.

Hereafter in this paper, an edited outline of the lawyers' opinions will be presented with regard to the efficiency section of the questionnaire (questions 10 to 16[21]).

[21] Please see the full questionnaires at Appendices.

Interestingly, all of the non-IP lawyers (lawyers without substantial litigation experiences in the new IP Court) held the opinion that the efficiency of patent litigations should be improved or has improved because of the establishment of the new IP Court. When asked why, some of the lawyers vaguely specified reasons, such as: concentrated jurisdiction or the assistance from technical experts, but some didn't know and simply concluded that a specialised court would be beneficial for the specific category of litigations that it was designed for. The responses from the IP lawyers were more complicated and, in the following section, the main opinions that were stated by each of the interviewees will be presented. This was made possible through the use a qualitative interview technique, although all the interviewees preferred to remain anonymous[22].

4.3.2 Lawyers' Concern about Efficiency of Patent Litigations

Lawyer A was, at the time of the interview, working for a small law firm which deals with all kinds of cases, his number of patent cases is the same as before the establishment of the IP Court, but he pointed out that the litigation time per case was previously around one and half years in duration yet now it only takes him 10 months to close a case. Regarding question 16 in the questionnaire, he emphasised that IP judges are authoritative in conducting the trials, allowing little room for litigants to express their own opinions. In this case, the quality of the IP judge has become the main factor to determine the efficiency of the patent litigation, although he does agree that the litigation time has drastically decreased after the implementation of the IP Court.

Lawyer B worked for a medium-sized law firm and, at the time of the interview, had only one case which had entered the IP Court – this case was still on-going. Although he didn't comment on the efficiency progress based on his own experiences, he stressed that the technological verification process was one of the main factors that hampered the progress of the patent trials, a verification process could take from four to six months and a patent litigation would then take between two and four years. Therefore, the introduction of technical examination officers into the new IP Court, who aim to provide technological knowledge to judges, should, in theory, reduce the time needed for the whole litigation procedure.

[22] The questionnaire is about the IP Court, lawyers are very sensitive whether their opinions will be disclosed to the judges and consequentially they might negatively affect the Court because of their honesty in answering these questions.

Lawyer C worked in a law firm specialising in IP issues, however, he was focused on non-litigation matters and only had one case in the IP Court at the time of interview. He suggested that the expertise of the judge is crucial to the efficiency of patent litigations. He also mentioned the complexity of the case and the evidence provided by the litigants as also having a significant influence on its efficiency. He noted that the duration of a patent litigation, in general, was more than one year in the traditional courts and only six months in the IP Court. So there appears to have been an improvement in efficiency due to the IP Court. In the patent section, lawyer C concluded that if the expertise of IP judges is to be improved along with the practice, then it is optimistic to think that the efficiency will continue to improve in the future.

Lawyer D who worked in a legal department of a giant electronic corporation suggested the efficiency of patent litigations is indeed improved, and the time spent on each case has reduced to about six months in the IP Court. He did not complain about the efficiency, but he was worried about the quality of the rulings and whether there is enough time for litigants to present their evidence and arguments when judges are eager to close the cases.

Lawyer E worked for a leading law firm (top 5) although he did not specialise in IP cases. He stated that this new specialised court helps judges to increase their expertise and that technical experts also help the judges to understand the core issues of patent cases while also reducing the time spent on traditional external verifications. Therefore the efficiency of patent litigations is improved on a practical level. Nonetheless, he pointed out that there is only one IP Court in Taiwan, located near Taipei the capital city, and other litigants living in other areas of Taiwan would have restricted access to this facilitated litigation procedure.

Lawyer F was a member of a team specialising in IP laws for an international law firm; he had previously worked as a patent engineer for ten years. He said patent litigations had previously taken about two years, but now they only take six months in the IP Court. Lawyer F stressed the importance of both the specialised judges and the internal technical experts who jointly contribute to more efficient litigation procedures. He also pointed out that the IP Court started with no backlogged cases, therefore the duration of each case might increase with time and the efficiency may decrease as well. Overall, he agreed that the use of technical experts helps to facilitate patent litigations, yet in the future he would expect the IP judges to disclose

more of their opinions to the litigants at issue, which would greatly help litigants save time on unnecessary arguments.

Lawyer G worked in the same firm as lawyer F; he had both a technological and law degree. He emphasised the importance of technical experts, stressing they would save time compared to the traditional verification process. When asked whether he thought that IP judges reveal their own opinions on crucial issues, he noted that although 'it's a shame' that litigants don't have access to technical experts' reports regarding the case, based on his own experiences during the trials the technical experts would raise questions towards the litigants via the judges – this process helps the litigants understand the angle they are taking and helps them to become more suitably prepared.

Lawyer H was the director of the team specialising in IP lawsuits of the same firm, she was also a practising Professor in a university. She said the duration of each patent case had reduced from one to two years, to six to twelve months. The expertise of the judges and the verification process were determining factors in the efficiency in the traditional courts. Nowadays, these two factors are relieved by the setting of a specialised court and the technical experts. Lawyer H emphasised that in the future she wished the IP Court could establish a more detailed set of adjudication rules for the litigants to follow.

Lawyer I worked in a specialised IP team of an international law firm. Her experiences regarding the efficiency of patent litigations were similar to lawyer H's. She explained that in the traditional courts, verification processes were previously very time-consuming and in the IP Court, the use of the technical experts has greatly reduced the time spent on patent validity issues. This time reduction has been attributed to the experts that previously worked in TIPO and undoubtedly their specialities lie in confirming the validity of patents. With regard to patent infringements, things also improved in terms of the assistance provided directly by these experts. Lawyer I noted that since the IP Court was launched the IP judges were very enthusiastic to make changes. She concluded that patent cases were closed very quickly, but, sometimes too fast.

Lawyer J worked in a leading law firm that specialised in IP issues. He noted that a patent case usually took between one and two years to be resolved. Since the new IP Court was launched, the time spent on a patent case reduced to between six and eight months. He stated that in the traditional courts, the judges of civil courts tend to

suspend the trial awaiting the ruling of the administrative ones and particularly in terms of the issue of patent validity – this was the main factor that had hampered the traditional patent litigation procedures. Of interest here is that lawyer J also pointed out that IP judges seem to value the litigation efficiency so much so that sometimes the quality of the rulings are overlooked. He suggested that the reports made by the technical experts should be disclosed to the litigants, and the IP judges should not be overly constrained by the efficiency concerns.

Lawyer K worked in a leading law firm that also specialised in IP issues. He stated that in the traditional courts, it took two years to revolve a patent case if a verification process was required and it took more than three years if the patent validity was argued and the trial was suspended. Now patent cases are resolved within a year in the new IP Court. He stressed the expertise of the judges as the determining factor to litigation efficiency. As IP judges are now assisted by the technical experts and their knowledge and experiences in dealing with IP cases will increase with time, he seemed optimistic that the efficiency issue would not become a problem at a later stage. He also argued that the technical expert's reports should be disclosed and sometimes the IP judges can be too keen to resolve their cases.

Lawyer L worked for an international law firm that was renowned for handling IP litigations. She stated that it could take a few years to solve a patent case due to the possible suspension of trials. Nevertheless, patent litigations processed in the new IP Court hardly exceeded a year. Lawyer L approved of the positive effects brought by the creation of the specialised court and the use of internal technical experts. She attributed the efficiency progress of patent litigations to the above two factors. But she pointed out that the ten IP judges are of different expertise levels and that it may be necessary to provide continuous internal training for IP judges.

Lawyer M worked for an international law firm, he was also the director of a team specialising in IP cases. He emphasised that in traditional courts, judges would previously have suspended the trial when it came to patent validity issues; therefore it was not unusual to wait years to resolve a case. Now the IP judges are allowed to hear both civil and administrative claims, and the IP Adjudication Act prohibits them from suspending the trial, in the new IP Court a patent case now only takes between seven and twelve months to resolve. Lawyer M emphasised the expertise of the judge as crucial to the efficiency of patent litigations. He approved the creation of a specialised court which is beneficial to litigants, due to the expertise of the judges. In addition, the new technical experts are able to offer more assistance when the IP

judges are in demand. He concluded that in the future the judges need to disclose more of their opinions to the litigants, and he hoped that there would be a more detailed and strict adjudication scheme with regard to IP cases.

Lawyer N worked in a law firm that specialised in IP cases; he recalled that it previously took around two years to revolve a patent case compared to only a year in the new IP Court. He also attributed the efficiency progress on patent litigations to the specialised IP judges and technical experts. Coincidentally, he also asked for IP judges to disclose more of their opinions to litigants so to give the latter the chance to clarify any concerns.

In conclusion, in the non-IP lawyers group, all of the interviewees held the opinion that the IP Court is beneficial in improving the efficiency of patent litigations regardless of how much knowledge they had about the new features of this court.

In the IP lawyers group, every interviewee agreed that a specialised IP Court with concentrated jurisdiction, specialised IP judges and technical experts, had resulted in dramatic progress in terms of the efficiency of patent litigations. Among the three factors above, the concentrated jurisdiction and technical experts seem to count more so than the specialised IP judges. Some even criticised the IP judges for placing too much emphasis on the efficiency issue and in not allowing the litigants sufficient time to present each argument. Although it was questioned whether the IP judges are sometimes too zealous in solving the case and that the technical expert's reports are not disclosed to the litigants, these concerns could be agendas for the next reform in the IP Court. In general, the IP Court has succeeded on the efficiency test of patent litigations, from the perspective of litigants and the specialised IP lawyers. It is also apparent that there is a gap between non-IP lawyers and the specialised IP lawyers with regard to the level of knowledge about the features, operations and impact of the new IP Court. The court specialisation has led to a specialisation in the legal profession and therefore resulted in a more distinct division between the specialised and non-specialised lawyers.

4.3.3 Lawyers' Concern about Quality of Patent Litigations

Questions 23 to 30[23] asked the interviewees to explain their views and experiences regarding the way patent cases should be resolved. A presumption is made in these

[23] Please see the full questionnaire in the attached Appendices.

questions that as the litigation procedure in the new IP Court is more specifically defined this will therefore increase the value of patents and litigants would choose to resolve their cases in the IP Court rather than alternative schemes.

In the non-IP lawyer group, the responses were similar to those in the previous section, the interviewees said they 'feel' or 'think' that the quality of patent litigations should be improved with the implementation of the new IP Court. New features of the IP Court are thought to be reasons for the quality of the progress on patent litigations and all of the interviewees expect that more litigants will prefer to gain a verdict from the new IP Court.

In the IP lawyer group, lawyer A stated that there was no difference to the preferred solution of patent cases because the litigants always tend to seek for verdicts granted by the official courts instead of alternative settlements. He explained this in relation to the verdicts issued by authorised powers as having a deterring effect and he hoped that the penalties for infringements would be more stringent in the future.

Lawyer B agreed that there was no difference on the preference of resolution methods for patent litigations since the introduction of the IP Court. He deemed it reasonable that litigants mostly seek verdicts since an agreement on the indemnification amount is very difficult to reach based on his experiences. Even though his answer to the previous question noted that no difference on resolution schemes was sought, he still concluded that with the assistance from technical experts, the quality of the IP Court's rulings should be strengthened because the time-consuming verification process on patent infringements wouldn't be necessary. He also noted that specialised IP judges would be more capable of rendering an appropriate verdict with regard to the amount of indemnification or punitive damages[24].

Lawyer C noted that half of his previous patent cases sought private settlements rather than verdicts. To proceed with a litigation the court requires considerable time, energy and money and if there is an alternative way to settle outside the court then some litigants will welcome an alternative solution. Even though he didn't have any cases under trial in the IP Court at the time of being interviewed, he believed that specialised judges and technical experts would encourage litigants to seek verdicts in the future.

[24] According to Article 85 of the Patent Act in Taiwan, the punitive damages in the case of deliberate infringements, could be up to three times that of the real damage done. See: http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=J0070007.

Lawyer D explained that to a corporation a litigation is often a means to defer or postpone harmful infringing activities of their opponents in the market, and as a lifecycle of a patented product may last only two years, a litigation in the traditional courts taking more than two years would be very inefficient to corporations and private settlements would therefore be prioritised. Therefore he agreed that with the establishment of the new IP Court, with its efficient litigation, litigants would be more willing to seek verdicts. He called for more disclosure on the IP judges' opinions during trials because the more information the litigants gain the greater the chance is that they will be able to predict the result of the verdict which will make for the possibility of a less costly private settlement.

Lawyer E stressed that all his clients sought for verdicts in patent cases, regardless of whether the litigation occurred in the traditional courts or the new IP Court because litigants feel that there is a deterring effect granted by an official verdict which gives them more security. In some cases, litigants only ask for one dollar as a symbolic indemnification number as the litigants care little about the monetary cost as they are more interested in the verdict.

Lawyer F stated that he saw no difference on patent resolutions since the establishment of the IP Court. Although, in general, he agreed that the technical experts were helpful with regard to both the efficiency and quality of patent litigations. To his knowledge, he noted that the technical experts were all ex-technical examination officers of the TIPO, and only one of them had both a law and technical degree. He was concerned about the proficiency of technical experts who were simply moved from one place (TIPO) to another (the IP Court), without any substantial training or expertise development, especially when the technical experts' reports are not allowed to be accessed by the litigants. Unfortunately, there was no time to further expand on his doubts over the technical experts' capabilities.

Lawyer G stated that in the traditional courts, patent litigations were resolved mostly by verdicts. Nonetheless, in the IP Court, his view was polarised to the previous interviewees. He pointed out that in the new IP Court, due to more disclosure of the opinions of the judges, the final ruling are now more predictable which, therefore, increases the chance of litigants seeking private settlements. Lawyer G also mentioned one interesting point: litigants are less likely to seek an appeal because there are only nine IP judges who take turns in each different instance of the court, under these circumstances the legal opinions of these nine IP judges are likely to be

similar. To his knowledge only 10% of patent cases tried in the IP Court and revolved by alternative schemes seek further legal remedies afterwards. Comparatively, when processed in the traditional courts, the number was around 50%.

Lawyer H stated that on average, most patent cases were resolved by verdicts in the traditional courts, although her own clients tended to seek private settlements outside the court. In contrast, when it comes to the new IP Court, she pointed out that litigants would prefer to seek private settlements for a number of different reasons. Firstly, the IP judges tend to disclose their legal opinions and internal arguments to litigants during the progress of the litigation, which makes the final ruling more predictable and increases the willingness to settle outside of the court for both parties. Secondly, the verdict made by the traditionally courts largely depended on the result of the verifications; litigants tended to wait for the final outcome of the verifications rather than withdrawing the case and seeking private settlements. Nonetheless, she wished for more transparency with regard to the judges' legal arguments and opinions about the case and noted that the technical experts' reports should be made public.

Lawyer I stated that she could not tell any difference as she had limited experiences in the IP Court. However, one of her patent cases, tried in the IP Court, was recently withdrawn by the opposing party due to the result of the case seeming apparent before the ruling. She predicted that in the age of the IP Court, more and more litigants would seek private settlements instead of fighting for an ultimate verdict rendered by the final instance court where there are a limited number of IP judges in the IP Court. To illustrate, litigants who had lost in the first instance trial might encounter the same judge in the second instance. This would hinder the litigants from seeking an ultimate verdict and the litigants would have to proceed with private settlements. She also concluded that more private settlements would be expected if the IP judges are able to increase the predictability of their rulings.

Lawyer J took a contrary approach to the other interviewees; he stated that litigants tend to seek verdicts in Taiwan, irrespective of the establishment of the IP Court, as the legal cost is comparatively low and the rulings are generally in favour of the plaintiffs. Unlike other lawyers, he expected that the new IP Court would reduce the willingness of litigants to seek private settlements because the litigation efficiency has been greatly improved. If one can obtain a ruling, in a short time period and with low legal costs, there is every reason to support the verdict solution instead of alternatives.

Lawyer K recalled that for patent cases tried in the traditional courts, only 20% of litigants sought private settlements when the rest sought verdicts. With the advent of the new IP Court, the number has increased slightly to 25%. But he expects that the private settlement resolution will become increasingly more popular in the future. One reason given was that the rulings made by the traditional courts were largely based on the outcome of the verification process, where litigants had no motivation to withdraw the case before or after the result was disclosed. Another reason given was that the transparency of the IP litigation trials has been greatly improved in the new IP Court, although there is still room for further progress. Litigants would therefore be encouraged to adopt private settlement resolutions if they could foresee the final answer on the ruling.

Lawyer L stated that in the traditional courts, litigants preferred to opt for the private settlements solution, especially when the value of the subject matter of the case was high. It was very time consuming and therefore very costly and inefficient for litigants to seek for an ultimate verdict in the traditional courts. She suggested that as far as she is concerned, in the traditional courts, if the value of the subject matter of the case was less there was more chance that the litigant would seek a verdict from the court. Since the new IP Court has been established, she could not draw a conclusion based on the limited number of cases she had tried in the IP Court. She did expect that litigants would prefer to have a final verdict instead of a private settlement because the new IP Court aims to facilitate patent litigations and it seems to be doing well, in her opinion. Litigants would therefore not waste time or unnecessary legal costs during the trial.

Lawyer M stated that approximately 30% of his patent cases were resolved by private settlements and there is no difference in this number from the traditional to the new IP Court. From his point of view, commercial strategies and legal costs are the two key reasons which direct the resolution method for patent cases. In the patent litigations tried in Taiwan, the patent technology in the case is often of a lesser value, and the legal cost to sustain a trial in Taiwan is relatively low compared to other countries. Therefore Taiwan litigants would prefer verdicts to private settlements and this trend is not likely to change with the establishment of the new IP Court. Although he agreed that the efficiency and the quality of patent litigations have both improved in the IP Court.

Lawyer N suggests commercial strategic concern as one of the main reasons which directs the choice on patent case resolutions, yet he disagrees that legal cost is the

most important factor, as previously mentioned, but it is the predictability of verdict that influences things. He emphasised that many of his patent cases have never been tried in court; clients usually consider litigations as one possible method but not the ultimate solution. Only 30% of his patent cases had been resolved by private settlements, but he expected the number would go up since he observed that the transparency of the litigation procedure in the new IP Court was improving.

To summarise, regardless of whether the interviewees were from the non-IP or IP lawyer groups, they agreed that a verdict was preferred as a legal dispute resolution. In contrast, the number reported for litigants seeking verdicts or private settlements varies between the interviewees: the litigants in Taiwan on average tend to seek for an official verdict which renders more security and legal guarantee to the parties, particularly given the low legal costs involved. Nevertheless, while the legal costs in Taiwan are considered to be low, the time spent on a patent litigation in the traditional courts was considered to be high. The time cost to resolve a patent case is remedied in the new IP Court; it therefore seems foreseeable that litigants will seek private settlements instead of verdicts, along with concerns regarding the limited number of IP judges and higher transparency at the IP trials.

In conclusion, litigation cost is driven by commercial strategic concern and legal expenditure, but it is the litigation time that is the determining factor in the resolution method. It is interesting that while the establishment of the IP Court reduced the litigation cost by means of improving the efficiency, litigants tend to seek private solutions rather than an official verdict due to being able to foresee what the likely decision will be; thus, they do not want to gamble on transparent or hard-to-reverse verdicts. It can also be seen again that the distinct differences exist between the observations made by the specialised lawyers and other generalist lawyers. The IP lawyers do not always favour the judicial rulings when they calculate the total earning and loss of processing the litigations. By contrast, non-IP lawyers value the security assured by verdicts as a fair judicial decision making process. The two different schools of thoughts are certainly driven by their respective clients. It may be concluded that the litigants of patent cases place more emphasis on evaluating the economic outcome of the litigation compared to those of other general litigations. As a conclusion the specialised lawyers have different views concerning the effect of improving the quality of legal rulings in the judicial process – they tend to place more concern on the economic value of pursuing the verdict while their counterparties rely more on the level of assurance and confidence which is backed by the official rulings.

4.4 Chapter Conclusion: The Triumph of Pragmatism

4.4.1 A Specialised Court Justified from the Pragmatism Perspective

As noted, the traditional legal procedure follows a two-tiered system which has caused lengthy IP cases involved with administrative claims, such as patent infringement cases with disputes over patent validity decisions. As the objection towards patents validity would be heard in the Administrative Court while the infringement case is heard in the Civil Court, it was very common for the judge of the traditional Civil Court to suspend the whole case pending the final decision of the validity issue decided by the Administrative Court.

To resolve these problems, the new IP Adjudication Act introduced a concentrated jurisdiction; it states that the judge hearing the civil or criminal claim is allowed to take part in the relevant administrative trial regardless of the existent prohibiting regulation in the Administrative Litigation Proceedings Code. In Section 2 of Article 34 of the IP Adjudication Act[25] it is stated:

> A judge handling the intellectual property civil or criminal action may participate in the relevant intellectual property administrative trial, to which Subparagraph 3, Article 19 of the Code of Administrative Litigation Proceedings shall not apply.

The concentration of the civil, criminal and administrative jurisdictions, along with new procedural rules that allow the judge to take part in different trials as long as they are relevant, were set up to hopefully reduce the duration of the traditional long-stay significantly. As a result, based on the statistics collected from the first year of practice of the IP Court, discussed above, the efficiency of patent litigations has been greatly improved. The establishment of the IP Court therefore succeeds in this aspect.

With regard to the quality of patent litigations the statistics, formulated from the first year of practice of the IP Court, have also provided a satisfying outcome. By introducing the technical examination officers who previously worked in TIPO (defendants of the patent cases in many cases), the chances for plaintiffs to win are increased, and these technical examination officers are recognised as playing their

[25] The content of the Article is available at: http://210.69.124.203/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28&limit=1&limitstart=3, last visited 15 August 2010.

roles in an impartial basis. This has been shown by their judgements which have been their own and do not simply follow the thinking of the institutions they had previously worked for.

As a conclusion to the new features enabled in the IP Court, the new IP litigation system reforms, in their entirety, will be concluded in the points presented in the paragraphs below.

Firstly, the reform was initiated by external pressures particularly from the biggest trade partner, the US. Secondly, it is noted that patent litigations have been the main focal point. The main changes, such as the combination of jurisdictions and the introduction of technical experts, aimed to solve the two-tiered system's issues and the technical issues which existed in the traditional patent litigations.

The third point focuses on the refined evidence collection system and the preliminary injunction application mechanism; these new features addressed the criticisms towards the traditional legal procedure by taking a more balanced approach to the interests of both parties. The long-stay of the two-tiered system was solved by the combination of jurisdiction and also by the request to speed up the adjudication process.

Lastly, the most drastic change involved the introduction of the technical examination officers, who are expected to combine legal and technical expertise. However, in practice these officers are former staff of the TIPO and their roles in the IP Court still needs further work. There is concern over the opportunity for parties to properly defend their opinions if they are not given the chance to know the opinions made by these technical examination officers.

As a whole, the new features very much focus on facilitating the patent litigation with the belief that the judge would provide a better performance with technical examination officers and specialised experiences in the court. According to the characteristics of patent litigations, discussed in the previous section, patent litigations are legal processes which define the value of the rights. The efficiency of patent litigations will help litigants to confirm their rights and, in the long run, specialised judges and technical experts will accumulate experiences and knowledge to deal with similar cases. The setting of this new IP court in Taiwan has reduced the time spent

per patent litigation on average[26], and the quality has improved from the perspectives of both the litigants and the Supreme Court. From a perspective of legal pragmatism, the establishment of the Taiwan IP Court is justified as it has satisfied its purpose after evaluating its consequential performances.

4.4.2 The Prospect of Patent Litigations in Taiwan

The first section of this chapter (section 4.1.1 The Litigation and the Boundaries of Patentssuggested litigation as a way of defining the value of patents. Patents that survive litigations are of a higher value, and the more litigation patents concur, the higher their value may be defined. The former Chief Executive in Law of Foxconn[27] , Chou, emphasised in his book (Chou, 2006, p.40) that 'Patents with good qualities will not come into existence without (legal) battles'. Chou stressed that in the absence of litigation procedures, the quality of a patent is not fully examined, and a patent that survives multiple examinations has its value firmly confirmed. In other words, Chou's comments resonate the analysis of this chapter, litigations are not only the way to define the value of patents, but a way to exclude disqualified patents; in return an examined patent would gain more recognised values.

From July 2008 to August 2009, among 1741 cases tried in the IP Court, there were 185 patent cases in the first instance and 94 cases in the second instances and the IP Court rendered rulings to nearly half of these (Chen, 2009)[28]. For patent validity cases, 37% were ruled invalid by the IP Court (Chen, 2009)[29], and among these more than two thirds were debates over the scope of the patent (Chen, 2009)[30]. These statistics suggest that the IP Court intends to maintain the standard of patents and is ambitious about its ability to define the boundaries of patents, too. Given a patent

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[26] Based on the data of rulings archived on the IP Court website, available at: http://ipc.judicial.gov.tw/ipr_internet/index.php?option=com_content&task=category§ionid=19&id=68&Itemid=416. There are also internal regulations that remind IP judges to keep an eye on the time spent on a case: http://www.6law.idv.tw/6law/law3/智慧財產法院辦案期限規則.htm, both last visited 15 August 2010.

[27] Taiwan's leading electronic manufacturing corporation, it has been the biggest corporation in Taiwan for more than five years and also on the list of Forbes Top 500 Enterprises in the World.

[28] From July 2008 to August 2009, the Court rendered rulings to 87 cases in the first instance and 46 cases in the second instance.

[29] See Diagram 11.

[30] See Diagram 12.

that was deemed valid by the IP Court, only 12% of them survived in the following infringement tests (Chen, 2009)[31]. Furthermore, as the research conducted by Shieh suggests (Chiu, 2011), the patentee win rate in the first trial is just 12%, while in the second trial it is 11%. Furthermore, the average patentee win rate in infringement cases in the year and a half before the IP Court (from 1 January 2007 to 30 June 2008) was about 30%.

Certainly, as patents pass the validity and infringements tests in the specialised judicial process, their values increase as they secure the legal protection. Nonetheless, the number of these fortunate patents is strictly limited which shows that the majority would be prepared for disappointments in the new judicial process. As previously mentioned, interviews with IP lawyers indicate that the patent litigations are driven largely by economic calculations. If the succeeding rate is so low, then it is questioned whether the advantage of the efficiency and quality in the new IP Court will actually be appreciated by the patent holders. Yet in comparison to the large amount of failed claims, the values of the successful patents are further assured and treasured. As a whole, in theory the establishment of the IP Court in Taiwan is aimed at improving the efficiency and quality of patent litigations from a legal pragmatism perspective, in practice it has further sharpened the competition among patents for it only allows a very limited number of patents to pass the judicial tests.

Therefore from the perspective of the general patent holders, the specialised IP Court has much room for improvements. In a conversation with the legal associate of the top patent applicant and patent proprietor in Taiwan[32], the legal associate Tsai stated that IP litigations have become more efficient than ever since the establishment of the IP Court, due to the specialised IP Judges and technical examination officers who understand the core issues of the cases in a more straightforward manner. Regarding the quality of the litigations, only 12% of patent litigations rule that the plaintiffs would get indemnification and it is difficult to prove the level of damages that the rights holders have suffered as IP rights are intangible and, according to Tsai, the number granted by the Taiwan IP judges tends to be much lower than that in the US. Another issue is the jurisdiction issue; the jurisdiction of the Taiwan IP Court only

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[31] See Diagram 5.

[32] Dung-ting, Tsai, Legal Associate of Foxconn Co., the conversation was held on 28 December 2010, over the phone. Foxconn Co. submitted 4412 patent applications and 1535 of them were granted in 2010. Data available at:
<ord.npust.edu.tw:8080/news/epaper/公告/99 年專利百大排行.pdf>.

covers those infringements that take place in Taiwan, while globalisation makes infringements on a global level possible, it does not seem to be the best approach for patent holders to file for litigation in Taiwan.

Although Tsai argued that the rights holders are still willing to file litigations in the Taiwan IP Court, because it is the only specialised court, Tsai concludes that the original purpose is to stimulate economic growth by ensuring the best judicial service to IP based industries. However, as the IP Court tends to make very strict judgements against rights holders, he stated that there is a question regarding the establishment of a specialised court; 'A specialised division under District Court would be sufficient', Tsai concluded.

Tsai's opinions are also supported by Hsu, the Chief Director of the Legal Department of a giant corporation that is listed as the 28th patent applicant and the 19th patent proprietor in Taiwan[33]. Hsu stated that he would still prefer to file a patent litigation overseas even though there is a new IP Court in Taiwan. Hsu stressed that the efficiency of the specialised court to handle IP litigations (particularly patent ones) has improved greatly, yet with a low winning rate and with the efficiency in the litigation proceedings, disappointment are felt more quickly.

In support of Hsu's opinions, that a company may prefer to file a patent lawsuit abroad instead of using the reformed IP litigation system in Taiwan, another issue has also emerged. The main battleground for Taiwan patent holders is still in the courts in the US due to the globalisation of the technical innovation market in this geographical area.

Keeping the consequential effects of the IP Court on patent litigations in mind, the next chapter will compare copyright litigations with patent cases to fully understand the different levels of impact of the Taiwan IP Court upon different categories of IP litigations.

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[33] Being the head of the legal department of a giant corporation (Mediatek), Wei-fu Hsu has been really busy, therefore I appreciated his kind support and willingness to exchange emails and share his comments on Tsai's opinions about Taiwan's IP Court. In the year of 2010, Mediatek Co. submitted 124 patent applications, of which, 103 were granted.

CHAPTER 5 THE IMPACT OF THE TAIWAN INTELLECTUAL PROPERTY COURT ON COPYRIGHT LITIGATIONS

As stated in the previous chapter, patent litigations can increase or decrease the value of the patent through its definition; furthermore, the litigation itself plays an aggressive role in patent validity and infringements claims. In contrast, this chapter will argue that copyright litigation is different. In the past decade, the copyright regime has been shaped and transformed rapidly in the face of digital technological advancements; however, despite the fact that the substantial law has been through many drastic changes, comparatively the copyright litigation system, occurring in the courtroom today, has changed little. In addition, despite the advancements in technology shifting the emphasis of copyright infringement litigations from intermediaries to those file sharing network users (Depoorter and Vannester, 2005, p.1), the new technology offers unprecedented opportunities for users to exchange digital information so easily that many believe that copying and sharing is legal, therefore copyright litigation has little effect in deterring parties with regard to secure copyright protection (Depoorter and Vannester, 2005). It should be noted that litigation appears to be a powerful measure for securing the economic value of patents; however, litigation appears to play a rather weak role in securing the value of copyright.

By considering the fundamental differences between patent litigations and copyright litigations, this chapter will take a number of copyright litigations as examples to examine the impact of the Taiwan IP Court upon them; furthermore, parallel comparisons will be made to patent litigations, by adopting the same approach as in the previous chapters. Firstly, an introduction to the characteristics of copyright litigations will be made; this will be followed (using the same structure of analysis as chapter two) by an examination of the impact of new features of the Taiwan IP Court upon copyright litigations. Finally a conclusion will be provided where the author will argue that the inclusion of copyright litigations, within the jurisdiction of the Taiwan IP Court, has been led by a mistaken perception of IP rights.

5.1 The Characteristics of Copyright Litigations

5.1.1 Litigation as a Response to the Advances of Technology

5.1.1.1 Technology and the Foundation of Copyright

The first usage of copyright law can be dated to the 15th century when the law arose from the practices and policies of the English Stationary's Guild (Samuelson, 2003, p.323), but it was not until the Statute of Anne was published in 1710 that the modern form of copyright was born (Fitzgerald, 2008, p.43). The symbolic birthplace of the modern copyright law is a good example of the relation between law and technology. By vesting the rights to control reproduction to the author rather than the printer, the Statute of Anne established a precedent for the law to intervene with the control of copying technology – it was named as 'An Act for the Encouragement of Learning'[1]. The opening words of the Statute of Anne were later adopted for the first copyright act in the US (Ewing, 2003). The constitutional rationale for the Copyright Act, from 1790, in the US expressed in Clause 8, Section 8 of Article I[2]:

> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The wording above shows practical and economic considerations by offering a limited monopoly to authors in exchange for more innovative works. This practical view on the copyright law however is contradictory to the civil law traditions. Ginsburg (1990) argues that the founding of the modern copyright in civil law was shaped by the French Revolution which encouraged freedom of expression but which also appreciated the values of authors; therefore the copyright was based on individuals' rights or moral rights, rather than the economic perspective bestowed by the common law system.

Although it is not that the traditional civil law didn't grant economic rewards, nor that the common law system didn't offer due recognition; but, the modern copyright law was divided from two schools of thought and the emphasis of each varied according to their respective history. Nevertheless, the fundamental elements that gave birth to the copyright regime are shared by both systems which continuously bring them

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[1] The opening words of Statute of Anne 1709.

[2] Available at: http://www.law.cornell.edu/constitution/constitution.articlei.html.

together. It is as a result of attempts to control the copying of technology from the legal sector that the copyright laws came into existence.

5.1.1.2 The Shaping Effect of Technology – Advancements on Copyright

The Statute of Anne conferred legal power to control reproduction, by the mean of printing technology, to the authors or "proprietor" of a book an exclusive right to print that book (Lessig, 2005, ch.6).. The rationale of the copyright laws may vary but the essential basis of the copyright regime can be concluded based on who has the legal power to control the copying technology.

This topic was much simpler when the application of certain technology involved less people. In the age of copying by means of printing, the question was to choose between the publishers who had access to the printing technology and the authors who created the works. This has become more complicated as the technology for copying has changed and diversified more and more and become available to a larger number of people. The copyright system has been forced to respond to these technological advancements. The two main characteristics of these legal responses concern: the expansion of the copyright regime, and to clarify the responsibilities of the intermediaries who help to invent, reproduce or distribute the copying technologies to the public.

Take the US as an example, in 1963, the audio cassette was introduced which led to a debate over whether the music producing on tapes would amount to copying. The Sound Recording Amendment of 1971 was passed by the Congress which clearly defines that sound recording by means of tapes or discs shall be considered copies of copyrighted musical works[3]. In 1972, the video cassette recorder (VCR) technology was introduced, and the Sony Corporation was sued by copyright owners for its sale of the VCR recorder which could be used to reproduce copyrighted works. In 1984, the Court ruled in favour of Sony and held that the sale of Betamax equipment did not constitute contributory copyright infringements[4]. In 1982, compact disk (CD) technology became widely available, and the capability of a CD to be used as a storage medium to engage in copyright infringements again was debated and settled in the Audio Home Recording Act of 1992. This act confirms that no allegation of

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[3] Pub.L., No. 92-140, sec.2, §101(e), 85 Stat. 391, 392.

[4] Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984)

copyright infringements could be established by the manufacturing, importation or distribution of a digital audio recording device[5]. In 1996, the advent of the digital video/versatile disk (DVD) technology triggered a similar question regarding whether the producers of DVD related technologies could be considered to facilitate copyright infringements and would be held responsible for the distribution of such applications. In 2004, a court determined that to prohibit the distribution of DVD decoding software would be an abuse of discretion[6].

While the courts and the legislations seem to be friendly to the arrival of novel technologies, by even declaring that the mediators of technologies are not to be responsible for the surging copyright infringements by means of them, this stand could be changed in the face of various technologies. In 1993 with the advent of the MP3 format (a patented digital audio encoding format); the courts ruled that it was not protected by the fair use doctrine when a defendant posted a MP3 file on the internet for access by individuals who could prove they owned a genuine CD copy[7]. Later in the case of a portable device, Rio, which allows users to download MP3 files from computers and listen to them elsewhere, the courts held that such devices were not subject to the restrictions of the Audio Home Recording Act 1992 as argued by the recording industry, because the device simply allows users to download files and they are unable to make copies from transmissions[8].

In 1999, Napster launched, and millions of internet users began swapping their MP3 files on the website. The courts held that Napster was a mediator of MP3 exchanging behaviours and had sufficient knowledge of the availability of infringing material to impose contributory and vicarious liabilities[9]. Subsequent to the Napster case, in 2001, the next generation Grokster, introduced a decentralised system which allows users to download files through peer-to-peer file sharing software in contrast to Napster which kept users' files on a central server; none of the downloading materials were even passed through the Grokster server. The Supreme Court held that Grokster should cease functioning due to its knowledge of distributing software with manifest intent to promote copyright infringement which renders the software

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[5] Pub.L., No. 102-563, sec.2, §1008, 106 Stat. 4237, 4234.

[6] DVD Copy Control Assn., Inc. v. Bunner, 31 Cal. 4th 864 (2003).

[7] UMG Recordings, Inc. v. MP3.com, Inc., 92 F. Supp. 2d 349 (S.D.N.Y. 2000).

[8] Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072, 51 U.S.P.Q.2d (BNA) 1115 (9th Cir. 1999).

[9] A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (2001).

distributor liable to the infringing actions of third parties[10]. Nonetheless, the legal conclusion has made suing these, more and more, decentralised intermediaries unlikely. As a result, the entertainment industry shifted its litigation focus to the direct offenders on the peer-to-peer sites (Depoorter and Vanneste, 2005, p.1132).

5.1.1.3 Legal Delay and Legal Uncertainties

To date, it still appears as though technology moves a step ahead of the legal sector. The relation between the Statute of Anne and the printing technology has been repeated in subsequent years and the legal sector is still struggling to put new technologies under modern copyright control. Nevertheless, the legal sector does deal with emerging technologies that pose new threats to the copyright system; it never gives up in its attempt to sustain the current copyright system. The legal sector tends to take a conservative approach which intends to incorporate the emerging technologies into its definition of regulations.

The symbiotic relation between technology and the copyright law suggests that the unpredictable advancement of technological innovation would create legal delays and uncertainties (Depoorter, 2009) with regard to the copyright law. Technological advancements are unpredictable and, as a result, it is difficult for the lawmakers to prescribe remedies for these advancements in advance. Since technology innovation is characterised as being unpredictable, it is conceivable that the adaptation of copyright law has always lagged behind the introduction of new technological advancements.

Depoorter (2009, pp.1840-1) suggests that there are four central factors that contribute to the lag that occurs when copyright law responds to a new technology. First, law-making is a complicated process and the creation of new legal rules takes time. Second, the dynamic and unpredictable nature of technological innovation makes it difficult for lawmakers to predict or anticipate forthcoming inventions, and it is difficult to cure the legal delay by anticipating possible outcomes. Third, the unpredictability of innovation calls for the deployment of open-ended standards in the copyright system, and these open standards increase the workload of copyright interpretation at the judicial level while they enable the copyright decision makers to be more flexible. Lastly, the application of a novel technology must reach a certain level for the copyright holders to consider its implications, in other words, the use of

[10] MGM Studios, Inc. v. Grokster, Ltd. 545 U.S. 913 (2005).

the technology must be widespread before the copyright holders concerns outweigh the costs produced by these technologies.

Copyright law develops during the process of dealing with questions, such as: is a person who stores copyrighted music files on their own computer in publicly accessible folders liable for infringing upon the copyright owner's exclusive right to distribute? Is a manufacture of some device that enables owners to copy files at will, liable for contributory copyright infringements? Is a software developer liable for copyright infringement when their software distributes technology that enables individuals to share both legal and illegal materials on the internet[11]? Legal delay along with legal uncertainties make up the greatest challenge of the copyright regime, there is always a legal vacuum period before the copyright law is updated to tackle these new technologies. This is accentuated further in this digital age in which we operate, which also results in the merger of originally divided rationales within the copyright regime.

5.1.1.4 Copyright in the Digital Age

In a report prepared for the US Copyright Office, in 1998, the future issues of the copyright regime were presented (Hardy, 1998); Hardy named all of 'today's legal issues' that needed to be solved which related to the advent of internet technologies. Over a decade later, in an article by Geach (2009), the focus had shifted to the future of copyright with regard to digital convergence. Geach (2009) argued that a digital convergence is taking place through the internet and digital technology which further removes the digital territory from the traditional which was a non-digital realm, such as broadcasting. Ten years ago, the most threatening issues to the copyright regime all pointed to materials and applications available through the internet. Now, while the legal sector has been solving these internet problems, one by one, the influence of the digital technology and global network has infiltrated into the traditional territory which was originally deemed to have been 'taken' into the copyright system at an earlier stage.

The original idea of the internet, as a technology, can be dated back to the 60s (Leiner et al., 2001). However, the commercialisation of the internet started in the 1980s, and over the last 20 years, as suggested by Leiner, it has 'almost become a commodity' which has changed dramatically during its existence. The fundamental impact of the

[11] Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913, 936-37, (2005).

internet on the copyright system has been that the former shook the foundations of the latter. Copyright law is, in essence, based on economic rewards which are granted to encourage creation or to celebrate the 'priceless' authorship of something. There is little doubt that the copyright regime, as its name suggests, attempts to achieve the above aims by controlling the copying of copyrighted materials. However, it is only possible to do this while the copying technology remains 'controllable' in a social and economic sense.

The arrival of the digital age has revolutionised the concept of 'copying'. The digital form guarantees that there are no extra costs associated with making additional copies of something and there is no quality reduction in the copies made; furthermore, the internet guarantees that there are no extra costs associated with the distribution of copies. Whilst the quality of the reproduction is the same as the original and the marginal cost to distribute and reproduce, on the internet by digital formats, is nearly zero (Schlachter, 1997, pp.19-20), the traditional concept of 'controlling' copying behaviours are now greatly challenged.

5.1.1.5 New Wine, New Bottles?

As suggested by MacQueen (1997) the observing of copyright on the internet is difficult; to illustrate, despite the fact that the law could be written in the most severe of terms, the problem is in enforcing it. With reference to previous new technologies, such as sound recording technology or DVD, the legal sector previously processed them under the copyright system and once the definition of copying was clearly stated the issue was quickly solved. Nevertheless, Moore suggests that (1965, p.114)[12] with the speed of these extreme technological advancements, this new copying definition has been exhausted when dealing with the fast changing deviances presented on the internet.

In response to the difficulties of copyright enforcement, the law has gradually reinforced the rights of copyright holders, both in economic and personal aspects. In some sense the internet has penetrated the boundaries of time and space; it has led to the merger of different law systems and resulted in a convergence of legal rights under the umbrella of copyright (MacQueen, 1997, p.58). The expansion of the

[12] The rapid advancement of technology is particularly emphasised in computing fields, such as Moore, K.'s Law, which states that the number of transistors that may be placed on an integrated circuit grows exponentially and doubles approximately every two years.

copyright regime has been criticised by some scholars that think it might upset the balance of public and private interests (MacQueen, 1997; Zeno-Zencovich, 2007; Gasaway, 2009; Barczewski, 2009). Among concerns of jeopardising public welfare, by overweighing the personal monopoly, the weakest point of this copyright expansion would be in lacking a convincing approach to tackle online copyright enforcement (Schlachter, 1997; Wall, 2007).

5.1.1.6 Digital Piracy and New Methods for Controlling the Copying Technology

While the legal system takes the economic view to justify the expansion of copyright and legal control over the internet; the recent technology of peer-to-peer (P2P) networks have recently grown in popularity for a variety of applications online, this has posed a new threat for legal control (Bauer et al., 2009). In short, P2P networks are built around a decentralised architecture involving the distribution of data in a manner that offers high availability of content, inherent fault-tolerance and efficiency. While P2P networks offer several important advantages over the traditional client/server architectures, experience has shown that these networks are, to a certain extent, file sharing copyright-protected content, which presents significant problems for network management and copyright enforcement (Bauer et al., 2009).

In addition to the expansion of the boundaries of copyright, prescribed by the public sector, the latest move, initiated by the French government, has vividly shown the trend for a tough and expanded controlling power over the copying appliances, particularly in the case of the use of the internet, from the public to the private sector. In 1998, the Digital Millennium Copyright Act (DMCA) was passed in the US; this drastic change in the US, and their copyright laws, attempted to create a new regime for the technological advancements and the law (Gillespie, 2004, pp.240-1).

By clarifying the responsibilities of the Internet Service Providers (ISPs) and the regulating technological circumvention measures, the DMCA has managed to shift copyright from a constitutional guideline arbitrating the balance between proper and improper use, to a sanction enhancing technological control of both copying and access which is designed and implemented by the copyright owners in this digital age (Gillespie, 2004, p.249). In dealing with the rising P2P issue, the DMCA introduced a 'notice and take down' strategy; to illustrate, ISPs are able to exempt themselves from liability by locating individual users for the infringement claims of copyright holders, as such they issue the DMCA's 'take-down' letters, or even pursue more

serious legal actions against suspected file sharers. By applying the 'notice and take down' strategy, the DMCA has clarified the responsibilities of the ISPs by extending the legal arm to them by imposing new duties so that they are responsible for watching their internet users. These new methods are continually being implemented and developed by the DMCA to tackle digital piracy; however, piracy is still rampant and there are continuous efforts to find an ultimate solution.

In France, a controversial 'three strike' law was passed in an attempt to fight illegal file downloading (Anderson, 2009). The law essentially works by informing users that they are suspected of participating in illegal file downloading. After two such notices are issued, within a certain period of time, a third notice will be sent which will result in the user having their internet disconnected for up to one year. Under the 'three strikes' law, a High Authority was set up in France to oversee the graduated response programme which was designed to fight against online piracy. Rights holders would investigate, then submit complaints to the High Authority (called HADOPI, after its French acronym), and then the authority would pass warnings to the ISPs, who would forward them to their customers; after two such warnings, the customers' ISPs would disconnect them (Anderson, 2009).

This law was eventually ruled unconstitutional by the Constitution Court in France based on two grounds. Firstly, the Constitutional Court stressed that:

> 'Whereas under Section nine of the Declaration of 1789, every man is presumed innocent until proven guilty, it follows that in principle the legislature does not establish a presumption of guilt in criminal matters'.

It also suggested that the HADOPI was making decisions against users' human rights instead of these decisions being made by a court which is against the spirit of the Declaration of 1789. Secondly, the Constitutional Court also pointed out the significance of breaching freedom of speech:

> 'Freedom of expression and communication is so valuable that its exercise is a prerequisite for democracy and one of the guarantees of respect for other rights and freedoms and attacks on the exercise of this freedom must be necessary, appropriate and proportionate to the aim pursued' (Anderson, 2009).

Despite the 'three-strikes' law failing in France, in its first round, a revised bill was submitted to the National Assembly and passed by 285 votes to 225 (BBC News,

2009), with the ruling majority (UMP) voting in favour; but the opposition, the Socialist Party, announced that they will appeal to the Constitutional Court once again. The UK, historically, said 'no' to this approach (Andrews, 2009) and they turned to evaluate the feasibility of this measure in the Digital Report. Subsequently, in the new Digital Economy Act (DEA), a code of practice announced by the government, has confirmed that the 'three-strikes' rule is included and should come into force by early 2011 (Curtis, 2010). The DEA authorises ISPs the power to monitor users in order to identify those engaging in illegal file sharing and to create the mechanisms to notify these infringers (Dutton, 2010, p.386). If the users ignore the notifications sent by the ISPs, their ISP may eventually be asked to limit the users' internet access or, in extreme cases, make their personal details available so that legal action can be taken (BBC News, 2011).

As the new legal measures are still in the process of debate, litigation has also moved on to dealing with digital piracy before the passing of controversial laws. The Pirate Bay is one of the largest BitTorrent tracker hosting services available and claims to track tens of millions of unique peers for the purpose of sharing copyrighted and non-copyrighted material. Located in Sweden, the founders of the Pirate Bay were found responsible by the Swedish Court for advertising the network addresses of peers participating in BitTorrent file transfers (Anderson, 2009). The principal charge against the Pirate Bay was in helping to make copyrighted content available by hosting the necessary infrastructure to support illegal file downloading with BitTorrent (Bauer, 2009, p.15). In April 2009, The Pirate Bay's four operators were convicted in a Swedish District Court of contributory copyright infringement; the operators were sentenced to one year in jail and ordered to pay $3.6 million in damages and fines (Bauer, 2009).

In comparison to the struggle of implementing the new 'three-strikes' rules across Europe, litigation also serves a more prompt role in responding to the digital deviances. The Pirate Bay ruling was the first legal precedent that found BitTorrent tracker servers guilty of contributory copyright infringements, while the law to cut-off internet connection is still under discussion. Although litigation may vary across the different legal jurisdictions, in contrast to the lengthy process to implement a law, litigations can be a better way to respond to technological changes more swiftly. Yet, in general, the most prominent role that litigation has played in protecting copyright is in a responsive role to fill the legal vacuum that has been created by the copyright regime, when the latter is failing to tackle the technological advancements in a timely manner.

5.1.2 Litigation as an Incentive to Shape New Business Models

5.1.2.1 Success of the Economic Perspective on Copyright Developments

Despite the fact that suspicions from scholars, with regard to an expanding copyright regime, have not disappeared (MacQueen, 1997; Zeno-Zencovich, 2007; Gasaway, 2009; Barczewski, 2009), the unforeseen power of the internet, combined with digital technology, has created a paradise-like environment for piracy. It is not clear whether the easiness of copying makes it difficult for the legal sector to exert control in the digital age or whether the fear of legal delay effects, mentioned earlier, have worsened due to the rapid evolution of new deviances on the internet. Since the advent of the digital age, copyright reforms have shifted from a mere expansion of protection terms and revisions on the definition of laws, to the introduction of stronger and tougher approaches.

In 1996, the member countries of the World Intellectual Property Organisation (WIPO) agreed two new treaties, namely, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT)[13]. These are the first IP treaties to address the digital network environment on an international level; they require the member countries to introduce certain legal measures into their national legal systems. The most significant measures were to create a new exclusive right in favour of copyright owners so as to make their works available online to the public (the 'making available' right); and to control the application of new technology by prohibiting technological protection measures (TPM) and tampering with digital rights management information (DRM) (Towse, 2004, pp.11-12). Following the implementation of these two treaties, the European Union (EU) addressed compliance of these international obligations by means of the 'EC Copyright Directive' (2001) on the harmonisation of certain aspects of copyright and related rights which required the member states to reform their national copyright laws for the information society[14].

The inclusion of the making 'available right' into copyright law and the control of technological means, such as TPM and DRM have both led to an expanded and

[13] WIPO Copyright Treaty and WIPP were adopted in Geneva on 20 December, 1996. See relevant information on the WIPO website at: http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html, and http://www.wipo.int/treaties/en/ip/wppt/trtdocs_wo034.html.

[14] The full text of the Directive is available at: http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=en&numdoc=32001L0029&model=guichett.

concentrated copyright law intervention on the internet. This has resulted in diminishing public interests, while the legal control aims to ensure and expand the legal rights of the copyright holders. As suggested by Koelman (2003), the unified attempt to reform copyright in the EU has shown that the essence of copyright has shifted from the author's rights, in its civil law tradition, to a pro-American view of economic rights.

Both the EC Copyright Directive and the WIPO treaties indicate the victory of the economic perspective on the copyright regime. Traditionally, the interplay between law and technology was been followed by the incorporating of new copying technologies into the definition of copyright law. Yet, while the technology is beyond the capability of current regulations, the law has attempted to strengthen the legal control over the technologies as well as to expand the private rights in order to offset the failure in stopping online digital piracy. As a consequence, in the digital age, the different legal systems present a common approach towards fighting against the illegal copying behaviours on the internet.

Ironically, the concentration of copyright may even be harmful to the cultural industry, as it may contradict the concept of freedom of expression. It would be difficult to calculate the economic value of creativity, freedom of expression and similar values when they were once the central spirit of the copyright regime in the traditional civil law systems. What is more, the economic approach on copyright reform was criticised for lacking in their distinction between the interests of individuals and those of the industries (Koelman, 2004).

5.1.2.2 The Economics of Copyright

While the copyright reforms, of various legal systems at different levels, have taken the economic viewpoint, it is important to clarify the economic aspects of the copyright regime in order to understand the connection between the new regulations and their objectives.

In 1984, Novos and Waldman (1984) examined two fundamental economic claims regarding the economic outcomes of copyright protection: first, copyright protection would lead to a decrease in social welfare loss, due to underproduction; and, second, copyright protection would lead to an increase in social welfare loss, due to underutilisation. In analysing a model in which consumers vary only in terms of

their costs of obtaining a reproduction of the copyrighted works, Novos and Waldman confirmed, in their analysis, partial support to the first claim while giving little or no support to the second claim. Thus, suggesting that, as a whole, copyright protection produces higher levels of social welfare hence it is a feasible model in the market of intangible goods.

Furthermore, Towse (2004, p.12) identified four aspects for defining the relation between economics and copyright, as:

- The economic purpose of copyright.
- The economic justification of copyright law.
- The economic outcomes of copyright law on markets for copyright-based products.
- The economic value of copyrights in the economy as a whole – their contribution to gross domestic product (GDP).

The economic purpose of copyright is founded on the characteristics of 'intellectual property goods' (Towse and Holzhauer, 2002). This approach argues that the subjects of copyright protection, known as intangible and informational goods, are non-rival and non-excludable. Without legal protection guaranteeing that the producers of goods actually profit from their intellectual property products, it is assumed that self-oriented producers will not have sufficient incentives to supply these goods and the market of information goods would, in fact, fail.

The economic justification of copyright law was exampled by Posner (1992); under his analysis model the copyright law should pass the 'economic efficiency test' in order to be justified – this test considers profit and cost. On the profit side, Posner considers not just the profits of private copyright holders but also the interests of the public; in other words, the benefit is referred to as an aggregation of interests to copyright holders, users and any other external benefits. On the cost side, it is argued all costs should be taken into account, such as the costs for all parties to comply with the law, the costs to enforce the law and the cost of making transactions based on copyright regulations. It is noticeable that this approach attaches more significance to the observation of copyright litigation in the court, as litigation constitutes a cost to all parties including society and therefore it might reduce the net profit of the whole.

The economic outcomes of copyright are premised by the price determination in the free market (Towse, 2004, p.3); thus, copyright is considered to be a property rather than a liability. Under the conditions above, the effects of copyright to the market are deemed to be the economic outcomes of the copyright. This perspective emphasises the role of copyright in determining costs and prices in a free market for copyright-based goods and the market structure. This aspect of copyright is also clearly expressed in the EC Copyright Directive.

Lastly, the economic value of copyright usually refers to the economic impact of the copyright regime on industry (Towse, 2004, pp.3-4). This has now become the dominant perspective on recent copyright reforms, particularly as there are several countries that have estimated roughly that copyright-based industries account for 5% of their GDP and this sector is growing faster than other sectors within their economy (Siweck, 2002). It is difficult to determine the economic value of copyright to these copyright-based industries without imagining the copyright system; however, the WIPO is advocating measurement of the economic contribution of copyright across all countries (WIPO, 2003), so as to obtain empirical data to estimate the economic value of copyright. The advantage of this empirical approach is that it will provide practical grounds for a conceptual argument.

5.1.2.3 The Economics of Piracy

As the economic justification of copyright attempts to strike a balance between private and public interests, the real problem is to determine the extent to which copyright protection is offered to private owners. While the advent of the digital age leads to the demand from the copyright-based industries for a stronger and tightened protection, it is meaningful to look into the economics of copyright infringements.

Varian (2005, pp.122-4) acknowledged that, in the US, increased per capita income will likely lead developing countries to increase adherence to international IP norms. In the following year, Andres (2006) conducted empirical research into the relationship between software protection and national piracy rates across 23 European countries, over a period of three years (1994, 1997, and 2000). Andres (2006) concluded that copyright software protection and income were the most determinant factors of software piracy. The close tie between the income of users and illicit behaviours can be further elaborated in the research conducted by Harbaugh and Rahul (2001) who stated that the relationship between copyright enforcement and piracy could be paradoxical. When enforcement is targeted at high-value buyers,

including: corporate and government users, the copyright holder has an incentive to charge monopoly prices, thereby encouraging piracy among low-value buyers. Thus suggesting that in some cases, intensive copyright enforcement could encourage piracy among low-value buyers.

The most common argument for entertainment industries to advocate for stronger copyright protection and enforcement is through the comparison of pirated works and legal sales – this gap represents the number of losses. In 2002, a report made by the International Federation of Phonographic Industries (IFPI, 2002) calculated regional and countrywide statistics on piracy. The value of piracy is estimated as the estimated volume of pirate sales at local pirate prices. By applying the above calculation, the IFPI claims that, in 2000, the worldwide piracy value was US$4.2 billion. The music industry attributes its decline in legal sales to the growth of pirate sales; but, do these figures justify the conclusion that the music industry provides? The answer by economists is not an outright yes! Firstly, the industry is assuming that a pirate recording is the perfect substitute for a legal one, so the same demand curve applies to both (Towse, 2004, p.20); however, there are quality differences between legal and pirate recordings and the conditions under which they are sold may mean that different demand schedules are more appropriate.

In addition, the technological advancements may lead to a technological shift, such as from cassettes to CDs (Throsby, 2002); hence the decline in CD sales is part of a normal product cycle. In fact, the figures provided by the IFPI also show that music singles and CD sales are falling while DVD and music video sales are rising. Furthermore, Asian consumers tend to prefer cassettes to CDs, so there is evidence that technology has an effect on consumption. Regarding this issue, David (2010) provided a recent and complete account of the debate on the criminology of file sharing. He notes that the link between file sharing and criminality, advocated by the industries, is falsely connected and that the establishing of new business models to strike a balance between a copyright economy in the digital age is more feasible than criminalising digital piracy.

Taking digital piracy as the subject for their research, Peitz and Waelbroeck (2003) offer a critical review of the economic literature regarding illegal downloading activities in the digital age. They argue that digital piracy not only creates losses for industries but it also offers possible benefits. The economic effects of digital piracy shall be examined, respectively, according to the different features attached to digital copies of various digital products, such as software and music files.

In the case of software, the complexity of the product requires some technical knowledge before its installation; indirect appropriation is possible by limiting the users of the software by the license agreed by both parties. Conversely, if more pirated software is available online, the network effects of pirated software are weakening due to the developments of standards for file formats, but as the software can usually be used before evaluating all of its benefits, there is the potential that copies of the product play a role in providing information on the characteristics of the original product.

By contrast, in the case of music files, indirect appropriation is unlikely due to the fact that the majority of potential buyers do not belong to the P2P community. If more music files are available online, the network effects of music consumption are low because the speed of downloading the music files would be hampered by the increasing number of community members. Consumers tend to spend time getting recommendation from music magazines or listening to music radio stations before making a purchase decision, so the pirated copies of music files can save the industry money by promoting the music and playing a role in providing information via the pirated music files.

Therefore, copyright infringements can be economically productive, even to the copyright-based industries. The expansion of the copyright law does not necessarily help to curtail the number of copyright infringement losses, as is advocated by the industries.

5.1.2.4 The Economics of Copyright Litigation

The various economic aspects of copyright have been clarified; this following section aims to provide economic views on copyright litigation which are based on the economic assumptions regarding the copyright regime. The economic justification of copyright suggests that copyright is aimed at achieving the most gains compared to costs. In 2006, Robledo (2006) offered an economic view on IP litigation that was based on the theoretical calculation of welfare and costs that might arise in the course of litigations.

Robledo (2006) suggests that the aim of an IP protection system is to solve the trade-off between innovation incentives and monopoly welfare losses. On the assumption that IP litigation is always costly and wasteful, litigations concerning IP are likely to decrease the expected royalties from the IP and reduce the incentives to

innovate in the first place, leading to a negative effect on social welfare. Under such circumstances, Robledo (2006) argues that litigations may still have positive effects, if the legal contest then breaks the monopoly in the market which increases the competition effects which outweigh the reduced innovation gains.

This model can be explained by the example of the copyright war on software in the 1990s[15]. While Borland intended to enter the spreadsheet application market, by copying the market leader 'Lotus application 1-2-3's', menu commands and structure, the Supreme Court ruled five years later in Borland's favour; however, Microsoft conquered the Windows spreadsheet market with its Excel application while Borland and Lotus continued fighting in court.

Comparatively, empirical research conducted by Mazeh and Rogers in 2005 (Mazeh and Rogers, 2006) aimed to explain the economic impact of copyright litigation; they suggested that the profitability of copyright litigation is higher for defendants. This research draws data from 450 large UK firms and found 35 copyright dispute cases over a 33 year period, from 1970 to 2003, which involved 18 different firms. In their research, the empirical evidence shows that the largest firms are much more likely to be involved in copyright disputes and also that the number of disputes tends to increase over time (Mazeh and Rogers, 2006).

An analysis of the differences in profitability, between plaintiffs, defendants and a peer group of firms not involved in disputes suggests that profitability is higher for defendants, with no clear pattern between the plaintiffs and the peer group. This result implies that free-riding on others' copyright is potentially successful, and that the costs of enforcing copyright are substantial; however, the results are reversed if the share market value of firms is taken into consideration. Plaintiffs have higher share market values and the defendants have the lowest valuations. The share market value is deemed as an index of profits in the long run when compared to the free-riding profits in the short run. In summary, the empirical analysis shows that copyright litigation would secure the long-term profit for firms, despite in the short-term the defendants having a greater chance of benefitting from free-riding.

This research (Mazeh and Rogers, 2006) provides empirical evidence which can be used to analyse the economic value of copyright, by probing into the profitability of copyright litigation in different groups. While many copyright owners are aware of infringements of their products, they often choose to ignore legal actions on the

[15] Lotus Development Corporation v. Borland International, Inc., 516 U.S. 233 (1996).

consideration that litigation will be too costly to pursue and that it is unlikely to increase profits. Nevertheless, Mazeh and Rogers (2006) distinguish profits in the short-term from that of the long-term and conclude that the cost of litigation will only reduce the profit in the short-term.

Although the sample matrix of this research is not sufficient to establish a universal doctrine, this research provides a very limited attempt to collect empirical data to examine prevalent economic theories of copyright (Landers and Posner, 1989). By using the profits of sales in the year of a copyright dispute to indicate the profits in the short-term, and the valuation on the stock market for the profits in the future, this research identifies that the economic value of copyright litigation is provided for over time.

5.1.2.5 The Changing Landscape of the Economics of the Copyright Regime

In 1997, Schlachter (1997) foresaw the possibility that copyright might be of little importance in the digital age. Furthermore, he noticed that many copyright owners were founding their business models based on encouraging 'infringements' by users (Schlachter, 1997, p.49), which suggests that many copyright owners acquire their profits by opting for copyright infringement litigations. With the observation that the creation and dissemination of IP, both on the internet and more generally, seems highly robust, even when facing all of the threats posed by the new technologies, Schlachter (1997) argues that in the digital environment, copyright owners should be placing more responsibility on the adoption of technological controls rather than relying on copyright infringement litigations. In other words, instead of tightening copyright enforcement on the internet by establishing more copyright infringement litigations, a new business model should be considered.

This school of thought developed from a refined analysis of both the sociological understanding of internet culture and a thorough consideration of technological control effects over the internet. Shlachter (1997, p.50) concludes that copyright related businesses must find a way to generate revenues without charging users for IP. A business model that was based solely on the traditional copyright infringement litigation would therefore no longer be feasible. The best solution to solve these internet copyright problems is, not by providing new legislations which could risk

losing the delicate balance in the copyright market but is, in inventing new business models.

Varian (2005, pp.134-6) identified a list of feasible new business models that might work, even without effective copyright, these included the following value-added solutions: technological solutions, public interventions or private contributions as highlighted below:

- Technological solutions: making use of the technologies or network effects available on the internet: such as the application of monitoring technologies or site licenses particularly when there are strong network effects from adopting a common standard.
- Public intervention: such as: a media tax could be imposed by the government to compensate the losses of copyright owners suffering infringements on the internet. Alternatively, artists and other creators of intellectual property might be paid by the state, financed from general revenues.
- Private contributions: such as: prizes, awards and commissions coming from wealthy individuals, businesses or countries.

These recommendations are not only suggestions made by Varian (2005), but many of them have been implemented in practice, by the public sector or private individuals. As pointed out by Wall (2010), in response to David's book (2010) on the criminology of file sharing, the new business methods that are put forward by the new technologies are already taking place. For example, before the advent and the prevalence of the internet, musicians would release albums and then tour to promote them; in comparison, nowadays considering that illegal copying is so easy, musicians are now giving away their music free online to increase their fan base and promote their live shows. In a way, these free giveaways are also stimulating demand for the merchandising of hard copies of their music albums and other supplementary products. It is contrary to think that the economic losses caused by copyright infringements should be offset by more powerful legislations, namely more infringement litigations. Conversely, it is accepted that the inefficiency of the copyright regime in cyberspace actually circumvents the possible private losses caused by ineffective business methods rather than by a new legal approach. Therefore as a conclusion, copyright litigation is less convincing today as being the best approach to tackle the challenges faced by the new technologies. Even though litigation may help to remedy the legal delays and uncertainties of the substantial law, to a certain extent and in some cases, the enforcement cure is still very limited as it must be constrained under a legal

framework that fails to respond to the technological changes in a timely manner. In other words, the failure of the copyright regime and litigation, in the face of new technology, has prompted new and more innovative business models.

5.1.3 Litigation as a Local Remedy to Tackle Globalisation

5.1.3.1 The Demand for Uniform International Copyright Orders in a Divided World

In theory, one of the most common justifications for a copyright regime is to provide an economic balance between private interests and social welfare. In practice, copyright law and the practice of it play an important role in shaping copyright based businesses, and simultaneously they are shaped by the economic developments too. It is therefore not difficult to imagine why some countries exploit the various copyright legal standards, in different ways, in order to possess more cultural assets.

The US Copyright Act of 1790, modelled on the Statute of Queen Anne from England, was notable when it stated that foreign authors' works were not protected by the American law. In contrast, England, and many other leading countries, such as Denmark, Prussia, France and Belgium, had laws respecting the rights of foreign authors. In fact, the history of the US as a copyright haven started in 1790 through to the Chance Act of 1891 (Warner, 1999). Although the strength of the link between economic development and IP is arguable, some suggested it is strong (Mercurio, 2010; Moser, 2005) while others point out that it is rather weak (Maskus, 2000; RAND 2010), it should be noted that the US changed their attitude toward copyright protection and foreign authors in correspondence with the changing economic strength of it. It is not surprising that the US would like to free-ride on the intellectual products of other more advanced countries, while at developing stages, and it seems to be a rational and natural choice for countries to provide various copyright legal protection standards to suit their respective economic capabilities.

In contrast to the divided economic and social conditions of each country, the term 'globalisation' developed a in the 1990s; concurrently, the impact of the internet was being comprehensively debated on a worldwide level (Kellner, 2002, p.285). Globalisation can be defined by the critical social theory as the involvement of both capitalist markets and sets of social relations and flows of commodities: capital, technologies, ideas, forms of culture and people, across national boundaries via a global networked society (Castells, 1996). In other words, it is the combination of

the technological revolution and capitalism working together to create a new globalised and interconnected world. While the internet related technologies and the globalised economy are often bundled together, it is argued that the internet has, in fact, facilitated globalisation, and there is potential for it to make a multicultural world. As suggested by Kellner (2002, p.302), the internet could be used to facilitate globalisation in terms of corporate capitalism, as well as globalisation, which would support individuals and groups using new technologies to achieve their goals.

Copyright proprietors attempt to restrict others from copying their works by controlling their own cultural assets, from or through copying. Globalisation in the digital age has brought two opposing concerns regarding copyright laws and practices (Varian, 2005): firstly, copying now is nearly costless in the digital age; and, the technological benefits are shared both by the copyright holders and the infringers. If the law cannot provide transnational protection, then, the technological benefits would be difficult to be transferred into economic currencies from the copyright holders' perspective, yet it is easily exploited by the infringers. Secondly, the interconnected world provides a new global market for all copyrighted materials, in which a digital copy can be circulated and shared across the world, instantly, with very little cost or labour. This benefit of technology is again shared by both the copyright owners and the illegal users. Only with a uniform global legal standard and powerful enforcement can the copyright holders enjoy the fruits of a profitable global market. But, from the copyright infringers' perspective, or for those who can't afford the price of copyrighted works, a divided legal environment in the global market makes it easier for them to find a copyright haven which provides them with a free-ride (Roche et al., 2011).

Conceivably, the copyright holders would want a harmonised legal standard providing copyright protection in their favour, while the infringers would prefer to see a divided copyright regime on a worldwide level, so as to take advantage of it. As the copyright legal regime is determined by the respective countries and the actual copyright legal practices are usually limited to national jurisdictions, it is questionable whether most countries are seeking a uniform copyright system.

Despite the legal standards and practices remaining linked to the individual country, in the days of globalisation, where copyright industries have increasing importance in the economic sectors, particularly in the West (Wang, 2003, p.37), the global governance of copyright has become more and more trade-oriented. This does not suggest that an individual country would have a bigger role in determining individual

copyright regimes by developing respective trade policies. Rather, the reality is more that individual countries are subjugated by the global trade regimes that are pushed forward by the transnational capital power of copyright industries, which eventually leads to a harmonisation movement on copyright at the international level (Wang, 2003, p.35).

5.1.3.2 The Shaping of a Global Copyright Regime

Although the progress of legal harmonisation on copyright began in the late nineteenth century, the idea has been amplified under the concept of 'globalisation by law', and in the debate on globalisation from the last decade. Particularly while a uniform legal standard is being widely supported in the mainstream, the diversified laws among the nations are being blamed as impeding trade and progress and therefore it is necessary to call for a 'harmonised' solution.

In contrast to the theoretical developments, the practice of copyright law has changed drastically and reflects the shift in these concepts. Since the nineteenth century, the Paris Convention devised an international treaty to deal with intellectual properties, the subsequent Berne Convention for the Protection of Literary and Artistic and Works (1886)[16] further stated copyright issues in the field of international law. These international conventions established common standards on copyright systems and also provided protection to countries that joined these treaties.

The Berne Convention is particularly significant to copyright history, as it has been incorporated into the TRIPS Agreement[17]. The significance of the TRIPS Agreement was to convert these previous international conventions that established common international law standards for national copyright systems, into a global copyright regime (Okediji, 2001, p.597). In other words, the previous role of the international treaties was changing from the establishing of common standards in the field of international law, to the forming of a global regime that shapes the national copyright system. Along with TRIPS, the Uruguay Round of Trade Negotiations, which started in the mid-1980s and resulted in the mid-1990s with the replacement of the

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[16] Berne Convention for the Protection of Literary and Artistic Works, 9 September 1886, last revised 28 September 1979, 828 U.N.T.S. 221(hereinafter referred to as Berne Convention).

[17] The Agreement on Trade-Related Aspects of Intellectual Property Rights, 15 April 1994, Marrakesh Agreement Establishing the World Trade Organisation, Annex 1C, Legal Instruments – Results of the Uruguay Round, 33 I.L.M. 1125 (1994) (hereinafter referred to as TRIPS or TRIPS Agreement).

General Agreement on Tariffs and Trade (GATT) with the World Trade Organisation (WTO), contributed to shift international copyright laws to a global copyright regime. In fact, Brinhack (2008, p.492) argues that while the Uruguay Round of Trade Negotiations created the WTO, and then TRIPS was devised within the WTO framework, copyright law has been transformed into a global regime instead of being only part of the international law.

The new global copyright regime is not based on the 'encouragement of learning' in the Statute of Anne (1709), or on 'promoting the progress of science' as stated in the US Constitution, which are believed to be the founding of modern copyright law. Rather, the new global regime was devised on the needs of businesses and trade. Nimmer (1995, p.1386) summarised this by noting that: 'copyright has now entered the world of international trade' and the world is seeing 'the end [of] copyright law'.

The shift of the copyright law to a new global regime has been divided into three basic and interrelated forms over the last two decades: multilateral treaties, bilateral agreements and unilateral measures. Multilateral treaties formed the foundation of a global copyright regime by binding most countries together. As developed countries learned their lessons in WIPO, in which the 'one country one vote' mechanism allowed developing countries the same voting power to make decisions, developed countries started to turn to other forums (Helfer, 2004, pp.20-1). The subsequent Uruguay Round of Negotiations provided this opportunity, and copyright issues were placed on the table for negotiations under strong political pressure from the developed countries. Ryan (1998, p.91) observes that it was, in essence, 'bullying' while these leading countries in the IP industries did all they could to object against the developing countries in the process. The most influential 'bullying' in the negotiations of the TRIPS Agreement, by developed countries, was to apply 'linkage bargain diplomacy'. These leading countries in copyright industries linked the copyright issues to other tempting offers such as the trade of goods. In doing so, developing countries faced a choice of 'all or nothing'. Drahos (2002, p.161) observes that the TRIPS negotiations provided measures to 'exclude [the] opposition' by packing all conditions together and expanding the circles of consensus. Regardless of the criticism from scholars, the TRIPS Agreement was incorporated into the framework of the WTO and bound all its members to it[18].

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[18] See a full list of members of the World Trade Organisation at: http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm. TRIPS set three dates for complying: 1996 for the developed countries, 2000 for the developing countries, and 2006 for the less developed countries. The latter date was extended to 2016 regarding provisions on pharmaceutical patents, as

The TRIPS Agreement set up a new global legal standard for copyright. It requires minimum standards of protection by the incorporation of the Berne Convention[19] and it expands copyright protection to new kinds of work and new types of rights that go beyond the Berne Convention[20], and the transition period for the least developed member countries of TRIPS not to apply the provisions of TRIPS will be expired shortly in July, 2013[21]. Most important of all, it requests member countries to provide copyright owners with civil and administrative procedures to enforce their rights as well as criminal penalties for violations of those rights[22].

In the wake of TRIPS, the World Copyright Treaty (WCT) was created in an attempt to secure a more powerful global copyright regime[23]. However, lacking the strategies used in the TRIPS Agreement to link necessities with optional items, the WCT only included sixty contracting parties[24]. Despite this, the WCT has enhanced the copyright protection in favour of developed countries and accompanied by bilateral agreements and unilateral measures, this global web has ensured that a stronger copyright regime is developing.

In the case of bilateral agreements, the inequalities from negating parties inevitably lead to unbalanced results. Yu (2007) describes these bilateral agreements as 'TRIPS-plus' or 'TRIPS-extra' regimes because they tended to provide stricter copyright protection which was based on the foundation of TRIPS. For example, US-Chile Free Trade Agreement (FTA) stipulates that parties must not only provide authors the exclusive right to make their works available to the public, but also are

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decided in the Doha Ministerial Declaration on the TRIPS Agreement and Public Health. WTO, Ministerial Conference, Declaration on the TRIPS Agreement and Public Health, WT/MIN(01)/DEC/2 (20 Nov. 2001), available at: http://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_trips_e.pdf.

[19] See Article 9 of TRIPS Agreement.

[20] For example, Article 10, Article 11 of TRIPS Agreement.

[21] See the questions "which countries are using the general transition periods", http://www.wto.org/english/tratop_e/trips_e/tripfq_e.htm

[22] See TRIPS Agreement, pt. III.

[23] World Intellectual Property Organisation Copyright Treaty, 20 December 1996, available at: http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html (hereinafter referred to as WCT).

[24] See WIPO, Contracting Parties: WCT, available at: http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=16.

obligated to create anti-circumvention rules. These two obligations are required by the WCT, but not by TRIPS[25].

One of the most widely known unilateral measures is the 'Special 301 Review'; this is conducted by the US government every year. Empowered by Section 301 of the US Trade Act of 1974, the office of the United States Trade Representatives (USTR) is entitled to examine the level of protection accorded to American owned IP in countries with which the United States has trade relations[26]. Under the Special 310 Review Process, countries are categorised in an approved order according to the level of IP protection they provide, including: Priority Foreign Country, Priority Watch List, and Watch List. What is more, to enable the USTR to determine that a country's IP protection is inadequate, even if it complies with the TRIPS standards, The Trade Act was amended[27]. As a consequence, copyright protections have been strengthened gradually by unilateral measures like this.

To summarise, TRIPS as a global copyright regime does not represent the end of this global trend of copyright expansion. The WCT and the accompanying bilateral agreements with unilateral measures have further raised the level of copyright protection. As a result, a global copyright regime has been founded, secured and will be further enhanced.

5.1.3.3 Divided Local Legal Practices within a Global Context

Ritzer (2003, p.73) observes that 'globalisation' is processed through 'GloCalisation', which is defined as 'the interpenetration of the global and the local resulting in unique outcomes in different geographic areas'. In short, 'GloCalisation' is where global norms meet local norms – it is therefore the consequence of the globalisation trend.

In the context of copyright law, as a global regime has already been established, strengthened and secured by multiple methods devised by the leading countries in copyright-based industries, 'GloCalisation' can serve as a local strategy for empowering local communities who are suffering as a result of the tightened global copyright regime. Although the meeting point of global forces and local wills can be

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[25] See Article 6 and 11 of WCT.

[26] Trade Act of 1974, Pub. L. No. 93-618, 88 Stat. 1978, 2041 (1975) (codified as amended at 19 U.S.C. §§ 2114(c), 2411).

[27] Trade Act § 301(b) (codified as amended at 19 U.S.C. § 2411(d)(3)(A)).

political, economical or social, in terms of copyright law, 'GloCalisation' suggests a local application and interpretation in the litigation practice that offers breathing space under the stress of globalised copyright protection standards.

First of all, local legal practices are able to be existent because the global copyright regime does not serve as a supra-national law body which transcends the power of the national laws. The multilateral treaties, such as TRIPS and WCT, usually only specify general common standards and only occasionally prescribe specific legal requirements; therefore, there is flexibility for the local application of these general principles.

Differences observed in local applications may be a result of the flexibilities which remain in the global copyright regime. For example, TRIPS and WCT both leave the concept of originality undefined, it has to be determined by local interpretation. In this case, the US emphasises the origin of a work so requires only a little creativity[28], conversely, the originality in the UK is proved by showing the labour and skill that went into a creation[29]. Another interesting scenario worth noting is that of the Israeli legal forum, while Israeli case law follows the American interpretation of originality in theory, in practice the interpretation of originality appears to be more in line with the UK perspective[30]. Thus, this exception of copyright protection renders another example of local application. For example, the US leaves the fair use doctrine open for the interpretation of legal practitioners[31].

Differences in local applications can also occur as a result of the various rationales or historical backgrounds of each copyright regime in each individual country. It is particularly significant with regard to those countries whose copyright laws existed before the founding of the global regime. For example, in the UK, where the earliest form of modern copyright law was born, the emphasis on the labour and skill in the creation found in the Statute of Anne 1710 was pursued by the Crown and the Publishers' Guild (Sherman et al., 1999). In the US, the statement regarding copyright in the Constitution transformed the original purpose of a tool to control the general public's interest (to promote the progress of science). Consequentially, the individual labour and skill are not attached with such importance as they are in the

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[28] Feist Publ'ns, Inc. v. Rural Telephone Serv. Co., 499 U.S. 340 (1991).

[29] Univ. of London Press, Ltd. v. Univ. Tutorial Press, Ltd., 2 Ch. 601(1918).

[30] Eisenman v. Qimron, CA 2790, 2811/93 (2000), 54(3) P.D. 817, an English translation is available at: http://lawatch.haifa.ac.il/heb/month/dead_sea.htm.

[31] 17 U.S.C. § 107 (2006).

English copyright law system. In the scenario of the EU, countries such as Germany and France have a long tradition of honouring individual authors instead of public interests (Brinhack, 2004, p.50). The purpose of copyright laws was to protect the authors' dignity and autonomy and public interests were only side effects. Nevertheless, while European copyright laws proclaim to pursue the public interests of economic growth and encouraging creation, a conflict between the European law and local legal traditions have occurred. As a result, author rights traditions in Germany and France have been overtaken by the new European copyright laws, yet there is scope, left by the European law, to enable local traditions to reconcile with the new system. The balance is achieved with the exception of copyright protection; however, countries are allowed to have individual interpretations, to some extent.

5.1.3.4 The Meaning of Copyright Litigation at Different Levels

While the permitted differences in local applications can be adopted as an intentional local remedy to tackle the stress or the disadvantaged status endured by the local community resulting from globalisation, conversely flexible local applications can also be used to remedy shortfalls within the international legal frameworks. As observed by Dinwoodie (2000, pp.490-501), international copyright law-making, by ways of constructing international treaties such as the Berne Convention, are time-consuming. Dinwoodie claims that to obtain a 'consensus' by international negotiation mechanisms, known as 'the classical model', is slow. On the contrary, a 'new model', in light of the speed of law-making, is feasible when based on a more forward-looking perspective which would have flexible attitudes towards the interplay between national and international laws.

To illustrate, in the late 1980s, the EU began undertaking a series of legislative initiatives in the field of copyright and other IP rights (Dinwoodie, 2000, p.495). These directives were aimed at harmonising the national laws of the EU member states, but they did not require the agreement of all the member states and they were only binding in terms of the results needed, the national authorities could therefore decide their own methods of reform (Mathijsen, 1993, p.90). Nevertheless the European Commission could bring actions before the European Court of Justice against member states that were failing to fulfil an obligation under the Community Laws[32]. Eventually, by way of litigating in the European Court of Justice, the EU is

[32] See Treaty Establishing the European Community, (1997), O.J. (C 340) 3, 278, Article. 226.

able to maintain a relatively harmonised legal standard in light of the rapid technological developments.

Copyright litigations on the supra-national level, such as cases heard by the European Court of Justice, may influence both international and national laws by rendering new interpretations. Copyright litigation on the national level is also able to have the same effects in some cases. For example, domestic US copyright policies and legal rulings have cast their shadow on recent foreign and international developments.

In conclusion, litigation on various levels can take a supportive role to help further the requirements of a global regime, or on the contrary, take a forward-looking perspective so as to shape the copyright law developments on different levels. Therefore, the role of litigation on the global copyright regime is increasingly important and multidimensional.

5.1.4 Summary: The Quality Concern of Copyright Litigations and the Specialised Court

More than a decade ago, Landau and Biederman (1999, p.784) argued that a specialised copyright court was needed in order to build up judicial expertise and to eliminate jurisdictional disparities. It shows that even before the profound impact brought by the digital technologies and the unification trend on a global scale, the accuracy and consistency of judicial rulings were already causing concern in the category of copyright litigations. The discussions provided in the previous sections of this chapter further indicate that the main characteristics of copyright litigations are summarised as needing quick responses to technological advancements, to help shape business models and to eliminate or support disparities among jurisdictions of copyright regimes in the global context. In short, copyright litigation is closely linked to technological changes, business models and global trends. In comparison to the slow pace of legislation amendments in response to technological changes, the efficiency is not much of a concern in copyright litigations. On the contrary, the appropriateness of judicial rulings in response to the technological changes or business models, and the predictability of disparities among different jurisdictions or even different courts are the main issues needing addressing. In other words, the quality concern plays a more important role in copyright litigations. The quality concern includes the consistency of legal doctrines and the appropriateness of judicial decisions to accommodate technological changes in a given legislative framework. Under this circumstance, a specialised court is expected to help ensure the consistency

of legal doctrines and respond to the global trend or technological advancements more swiftly. In the following sections of this chapter, an exploration will be given to determine whether the Taiwan IP Court has been successful based on performance statistics and data collected from the interviews.

5.2 The Impact of the Taiwan Intellectual Property Court on Copyright Litigations

5.2.1 The New Features of the Taiwan Intellectual Property Court and Copyright Litigations

5.2.1.1 Specialised Jurisdiction

Number of Filings and Dispositions of Copyright Cases in the First Instance of the Intellectual Property Court				
	July 2008 to May 2011		Unit: Case	
Litigation Type	**Cases Lodged**	**Newly Lodged**	**Cases Terminated**	**Cases Pending**
Total Civil Cases in the First Instance	**876**	**876**	**716**	**160**
Subtotal of Copyright	**193**	**193**	**158**	**35**
Enjoining an infringement	2	2	1	1
Preventing an infringement	3	3	3	
Creation of security interest				
Contract-related controversies	9	8	6	3
Attribution of rights	3	3	3	
Infringement-related controversies	**173**	**173**	**142**	**31**
Use-related controversies	1	1	1	
Other	2	3	2	

Table 5-1: The Number of Filings and Dispositions of Copyright Cases in the First Instance of the Taiwan IP Court – by Type[33]

[33] Statistics retrieved from the official website of the Taiwan IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=70&Itemid=105.

Number of Filings and Dispositions of Copyright Cases in the Second Instance of the Intellectual Property Court				
July 2008 to May 2011			Unit: Case	
Litigation Type	**Cases Lodged**	**Newly Lodged**	**Cases Terminated**	**Cases Pending**
Total Civil Cases in the Second Instance	**502**	**502**	**365**	**137**
Subtotal of Copyright	**93**	**94**	**75**	**18**
Enjoining an infringement	5	5	4	1
Preventing an infringement				
Creation of security interest				
Contract-related controversies	12	12	11	1
Attribution of rights	5	6	3	2
Infringement-related controversies	**69**	**69**	**56**	**13**
Use-related controversies	1	1	1	
Other	1	1		1

Table 5.2: Number of Filings and Dispositions of Copyright Cases in the Second Instance of the Intellectual Property Court – by Type[34]

Number of Filings and Dispositions of Criminal Cases in the Intellectual Property Court – by Type				
July 2008 to May 2011			Unit: Case	
Crime Type	**Cases Lodged**	**Newly lodged**	**Cases Terminated**	**Cases Pending**
Total	**792**	**792**	**710**	**82**
Subtotal of General Criminal Law	**76**	**65**	**64**	**12**
Offenses against Agriculture, Industry & Commerce	2	1	2	
Offenses relating to Protection of Secrets	1		1	
Other	73	64	61	12
Subtotal of Special Criminal Law	**716**	**727**	**646**	**70**

[34] Statistics retrieved from the official website of the Taiwan IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=70&Itemid=105.

Violation of Copyright Act	**410**	**414**	**366**	**44**
Violation of Trademark Act	190	199	174	16
Violation of Fair Trade Act	1		1	
Other	115	114	105	10

Table 5.3: Number of Filings and Dispositions of Criminal Cases in the First Instance of the Intellectual Property Court – by Type[35]

Number of Filings and Dispositions of Administrative Cases in the Intellectual Property Court – by Type				
July 2008 to May 2011			Unit: Case	
Category	**Cases Lodged**	**Newly Lodged**	**Cases Terminated**	**Cases Pending**
Total	**1242**	**1242**	**1096**	**146**
Copyright Act	**4**	**4**	**3**	**1**
Trademark Act	747	747	665	82
Patent Act	480	480	418	62
Optical Disk Act	1	1	1	
Regulation Governing the Protection of Integrated Circuits Configuration Act				
Species of Plants and Seedling Act				
Fair Trade Act	1	1	1	
Other	9	9	8	1

Table 5.4: Number of Filings and Dispositions of Administrative Cases in the Intellectual Property Court – by Type[36]

As stated in the third chapter (section 3.2.1), the Intellectual Property Court Organisation Act stipulates that the IP Court acts as the first instance and the second

[35] Statistics retrieved from the official website of the Taiwan IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=70&Itemid=105.

[36] Statistics retrieved from the official website of the Taiwan IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=70&Itemid=105.

instance courts for IP civil cases, and the rulings are subject to the examinations of the Supreme Court. For criminal IP cases the IP Court acts as the second instance court for dealing with cases which have appealed against the rulings made by the District Courts when they have adjudicated at the first instance level. For administrative claims of IP litigations, while there are only two-layers in the traditional courts due to the administrative remedies procedures deemed as equivalent to the first instance of trials, the IP Court is given the same role as the traditional Administrative High Court, being the first instance (Appeal) court for litigants arguing against the decisions made by the administrative bodies.

One of the most distinctive differences regarding patent and copyright litigations concerns the different combination of claims that might be involved in the litigation. It has already been stated that the Patent Act (2003) in Taiwan excludes criminal charges against patent infringers. The Copyright Act[37] in Taiwan states that copyrights come into existence once the works are completed, without the intervention of some form of validity test conducted by an administrative body. Consequentially, patent litigations are usually involved with civil and administrative claims while copyright litigations usually carry criminal and civil claims. As a conclusion, the incorporation of criminal jurisdiction under the specialised jurisdiction aims to tackle copyright infringement claims, whereas the incorporation of administrative jurisdiction is aimed at tackling patent ones.

From ***Figures 5.1, 5.2, 5.3 and 5.4***, it is clear that unlike patent claims which account for more than two thirds of civil cases (see section 4.2.2); the copyright claims contribute to nearly 60% of the criminal cases. In the category of administrative cases, the number of copyright claims is so low that it is almost the same as the patent ones in the category of criminal cases (zero). In the category of civil cases, copyright claims account for about 20% of them, and 80% of them are related to infringement controversies. As criminal penalties are ruled on the grounds of proved infringements, it can be concluded that the copyright cases largely deal with infringement claims in the categories of criminal and civil cases.

An official report was released by the Statistics Sector of the IP Court (Chou and Wang, 2010), presenting the practical data collected from 1 July 2008 to 30 June 2009. In the first instance trials, among 130 litigations resolved by the IP Court, 35 were copyright cases, and in the second instance trials, amongst 85 litigations resolved by

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[37] The English version of Taiwan Copyright Act is available at:
http://law.moj.gov.tw/Eng/LawClass/LawAll.aspx?PCode=J0070017, see Article 10.

the IP Court, 23 of them were copyright cases. Generally speaking, copyright litigations account for about 20% of all civil litigations carried out in the IP Court. Regarding the criminal claims, there were 226 litigations resolved by the IP Court at the second instance level and 125 of these were copyright cases. This shows that nearly 50% of criminal trials are subject to copyright claims. By contrast, all 291 administrative litigations resolved by the IP Court were all either patent or trademark cases. According to the figures above, nearly half of the criminal cases were subject to copyright matters compared to 20% of those in civil cases. The prominence of copyright litigations in criminal claims in the IP Court is similar to the patent litigations in civil claims.

Considering the time spent on each case, as discussed previously (in the section 4.2.2), the IP Court has performed much more efficiently with regard to the civil cases, and the efficiency gap between the traditional courts and the IP Court for criminal cases is narrow. Based on the performance data collected between July 2008 and June 2009 (Chou and Wang, 2010, p.25), while 83.81 days were needed in the traditional District Courts and 111.57 days were needed in the High Courts, only 74.04 days were needed in the IP Court. From the numbers above, it is apparent that the IP Court does render better performance than the traditional High Courts in terms of efficiency. Firstly, the criminal litigations tried in traditional courts are much less time-consuming compared to civil and administrative cases. This has led to the question of whether efficiency is an urgent issue in dealing with criminal litigations. It is worth noting that the gap in criminal litigations between the specialised IP Court and the traditional High Courts is narrower than others, and the time spent on criminal litigations in the IP Court is still less than in the traditional High Courts. In conclusion, the IP Court performs well with regard to the civil claims and administrative ones, which are more related to patent litigations. It also performs well on criminal claims which are closely related to copyright cases.

5.2.1.2 Performance Statistics Relating to Copyright Litigations after the Implementation of Taiwan's Intellectual Property Court

The statistics provided by the Taiwan IP Court[38], from July 2008 to May 2011 (***Figure 5.1, Figure 5.2 and Figure 5.3***), indicate that the number of civil cases in the first instance level was 876, of which 193 were copyright cases, and 521 were patent

[38] Statistics section of the IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=69&Itemid=105.

cases. There were 173 copyright cases relating to copyright infringement issues, while 476 patent civil cases were related to patent infringement issues. In the second instance level, civil cases totalled 502, with 93 copyright cases and 69 copyright infringement issues, 319 were patent cases and 292 of them were concerned with patent infringement issues.

Irrespective of whether in the first or second instance, the number of copyright cases steadily represented 20% of all civil cases, of which almost all of them related to infringements; thus, suggesting that infringements are core issues to be dealt with in civil IP cases regardless of copyrights or patents. As mentioned previously, in the face of technology challenges, patent holders would seek to secure their rights in the court room from being deprived by infringers. On the contrary, copyright holders would tend to seek new legislations instead of filing a suit in the court. Therefore the polarising role of technology would appear to indicate that copyright civil cases are not justifiable in being given specialised jurisdiction provided with technical expertise.

While copyright civil cases contributed to only 20% of all civil cases, the copyright criminal cases during these two years have taken up more than this share. From July 2008 to May 2011, there were 792 criminal cases that were dealt with by the IP Court at the second instance level, and 410 of them were related to copyright, this number is much higher than from all the copyright civil cases being added together (173 cases in the first instance and 93 cases in the second instance). It shows the importance of criminal claims attached to the copyright cases and also points to the conclusion that criminal cases do not require a specialised legal solution.

5.2.1.3 Summary

It was mentioned, previously (section 4.2.4), that almost all the cases assisted by the technical examination officers were related to patents. Conversely, the statistics provided in the figures above show that copyright litigations play a more significant role in criminal cases. From July 2008 to June 2009, there were 307 criminal cases terminated at the second instance of the IP Court, and copyright infringement cases accounted for more than half of these (168 cases) which represented 336 defendants (Chou and Wang, 2010, p.3). In addition, there were 201 defendants brought to the IP Court in the category of copyright criminal cases, but only 97 were sentenced to prison and, of these, 79 were given sentences of less than one year (Chou and Wang,

2010, p.16). In the case of copyright, technical experts are not demanded at the same level as in patent litigations; furthermore, the close relation between criminal claims and copyright litigations again proves less of a need for technical experts' assistance. Lastly, copyright litigations do not have as much importance attached to them, even in the category of criminal charges, especially when considering that the sentences are generally for less than a year.

In conclusion, the efficiency of copyright litigations do not appear to differ greatly from those processed in the traditional courts. It is worth questioning whether copyright litigations can justifiably be tried in specialised courts. As suggested in the previous section (5.1.4 Summary: The Quality Concern of Copyright Litigations and the Specialised Court)5.1.4 Summary: The Quality Concern of Copyright Litigations and the Specialised Court, the characteristics of copyright litigations imply that the quality of the judicial rulings provide the main point justifying the establishment of the specialised court for dealing with these cases. In the next section, the data retrieved from the interviews, with the lawyers, will be utilised to explore whether the quality of the judicial process of copyright litigations has improved since the IP Court was implemented.

5.2.2 The View of the Lawyers

The same set of questions discussed in chapter four (section 4.3.1: questions 17 to 22), were asked to the same group of lawyers; in order to investigate copyright further, the word patent was replaced with copyright. The non-IP lawyers (lawyers without substantial litigation experiences in the new IP Court), still held the opinion that the efficiency of copyright litigations should be improved despite the fact that they had insufficient evidence or real experiences of the new litigation practices. There was a notable difference at this point in the responses from the IP lawyers who gave varied and diverse responses in regard to patent litigations; however, they all reached the same unanimous conclusion that the IP Court is aimed at dealing with patent litigations although in its current guise copyright cases are included. Therefore the impact of the new IP Court on copyright litigations is much less when compared to the patent cases. The IP lawyers also agreed that it is reasonable that the IP Court should remain aimed at patent cases because there were no issues of efficiency of copyright litigations within the traditional courts. Unlike the patent litigations, in which the validity verification in the traditional courts usually caused 'long stays' that prolonged litigation times, due to copyright subjects being naturally copyrighted once they are completed, hence there is now no need for the traditional civil courts to

suspend trials and wait for validity decisions from the administrative rulings. This point has not changed with the implementation of the new IP Court as none of the administrative claims, tried in the IP Court, were related to copyright issues[39].

5.2.2.1 Lawyers' Concern about Efficiency of Copyright Litigations

While the efficiency of copyright litigations is not an issue in the traditional courts, some IP lawyers suggested that the setting of the new IP Court could even be harmful to the efficiency of copyright litigations. Some of the interviewees pointed out that there were a number of problems in the design of the IP Court, which are advantageous and, in the least, acceptable from the viewpoint of patent litigations, but to copyright litigations they could be seen as flaws. For example, unlike those non-IP lawyers who all agreed that specialised judges would help improve the efficiency of copyright litigations, two IP lawyers (lawyer B and L) noted that efficiency is never an issue with regard to copyright cases in the traditional courts, and that specialised judges may not be beneficial to copyright litigations in theory or in practice. Lawyer B emphasised that copyright incorporates a set of varied legal rights and approaches, and the spectrum of copyright and ease of approach has led to the diversity of copyright cases in real life. Lawyer B stressed that while the central issue of patent litigations usually concerns technological boundaries, copyright litigations usually are more diversified and the core issue depends on the individual case. Therefore lawyer B concluded that copyright cases do not usually require expertise of technology in order to proceed with the trial, as more diversified features are usually involved. Considering the diversity of copyright litigations, lawyer B questions whether the general judges are more suitable at handling copyright cases than specialised judges.

Lawyer L questioned whether the rulings response to the fast technological advancements regarding copyright cases should even be a concern. Nonetheless, lawyer L noted that, so far, the rulings made by the IP Court have not been much different from those made by the traditional courts. Lawyer L also mentioned that because one of the purposes of the IP Court is to proceed IP litigations more efficiently, to her knowledge there are (although not compulsory) internal rules in the court that remind judges to terminate their case in a limited time. Certainly lawyer L does not appear to be against the efficiency of litigations, but she did imply that this

[39] See the statistics section of the IP Court, available at: http://ipc.judicial.gov.tw/ipr_internet/index.php?option=com_content&task=view&id=523&Itemid=99999999.

pursuit of efficiency could be damaging especially in the situation of copyright litigations, where efficiency is less of an issue when compared to the quality of the ruling.

Lawyer L also provided an additional insight with regard to the meaning of 'specialised judges'. She pointed out that while the specialised judges are meant to be 'specialised' in one specific category of cases, it is unconceivable that the new IP Court has combined criminal and civil jurisdictions together. In the interview, lawyer L said that she could not help wondering whether a combination of jurisdictions is against the purpose of setting up 'specialised' judges. Certainly lawyer L understands that the combination of administrative and civil jurisdictions is designed to facilitate patent litigations and that is acceptable, but she questioned whether the combination of criminal and civil jurisdictions was unreasonable and defeating the purpose of setting up a specialised court. Furthermore, L explained that criminal cases usually require more evidence than specialised expertise and that the District Courts across Taiwan would be in a better position to collect and preserve evidence than the IP Court. In addition, there is only one IP Court in Taiwan, if all of the copyright criminal cases are transferred to the new IP Court, the meaning of this specialised court will be diminished because it will be dealing with cases which do not required specialised expertise.

To summarise, lawyer L mentioned that even within the traditional courts, judges are divided into different groups to deal with civil, criminal or administrative cases, respectively. She concluded that it is strange to make 'specialised judges' deal with cases that are more diversified than those processed by 'non-specialised' judges. Lawyer L believes that this is because the criminal cases play an important part in copyright litigations which are put under the jurisdiction of the IP Court; therefore, an unreasonable framework has been reluctantly established. In fact, lawyer L is not the only one who holds this opinion, lawyer E also stressed that he thinks that it is better to hand the copyright cases back to the traditional district courts, given that a specific copyright division could be established within the traditional courts, instead of transferring all copyright cases to the specialised IP Court.

Although there are questions and even criticisms towards the IP Court concerning dealing with copyright cases, there are positive comments as well. Six of the IP lawyers (E, F, G, H, I and K) agreed that the technical experts can be beneficial to copyright litigations. Although all of the IP lawyers specified that, in general, copyright cases usually do not require the assistance of technical experts; these,

aforementioned, six IP lawyers did point out that some copyright cases might involve higher technological expertise where the technical examination officers' assistance might be necessary.

Lawyer E suggested that despite it not being common, some copyright cases do involve technical issues. He took one of his copyright infringement cases as an example where the identification code on an accused pirated disk was the same as the original one. In this case, the client argued that this was an unauthorised copy, yet the defendant argued that the identification code could be modified – a technical expert was required to clarify matters.

Lawyer F and G both have legal and technological backgrounds, and they both noted that in a case of copyrighted software the assistance of technical experts is preferred. It was also noted that lawyers F, G, H and K all have practical experiences of dealing with software copyright cases.

In conclusion, although these lawyers' opinions towards copyright litigations may be incomplete, due to a lack of experience in dealing with a full range of copyright cases, they do provide reflection on the general picture of copyright litigations. Despite the fact that six lawyers mentioned that some specific types of copyright litigations might need assistance from technical experts, just like patent litigations, they also admitted that this is not common and most copyright cases do not require assistance from technical experts. Therefore, from the perspective of the majority of the interviewed IP lawyers, the establishment of the IP Court does not seem to be necessary to improve the efficiency of copyright litigations; furthermore, the diversified jurisdiction could even be harmful to the IP Court's specialisation.

5.2.2.2 Lawyers' Concern about Quality of Copyright Litigations

Questions 32 to 38 were utilised to analyse the quality of copyright litigations in relation to the implementation of the IP Court in comparison to the traditional courts. All non-IP lawyers again gave vague positive answers regarding the quality of rulings made by the IP Court, even without substantial experience, and they also agreed that their clients preferred to have rulings rendered by the specialised court compared to other resolutions.

In the case of patent litigations, more IP lawyers suggested that litigants would tend to pursue private settlements to avoid high legal costs once they were clear about the possible direction of the judge's ruling. Nonetheless, in the case of copyright litigations, the appeal of a ruling to litigants seems to be unchanged regardless of the litigation being tried in the traditional or the new specialised court. Most of the IP lawyers also specified that in copyright litigations, their priorities focused on rulings, private settlements and then withdrawing the case, and this has not changed since the IP Court has been implemented. The reason why the rulings are so popular, lawyer E explained, is because a verdict is a symbol of authority itself as it carries a coercive power. Lawyer E also mentioned that one of his clients even made a statement on the copyrighted subjects to state 'no settlements when it comes to infringements'. It is an example of the determination of copyright holders to pursue a legal ruling made by the court and so as to deter future possible infringers.

Lawyer N stressed that after the implementation of the IP Court, litigants were more willing to go for a verdict because the original concern for pursuing a private settlement was about legal costs and the length of the trial. However, as the efficiency of the new IP Court has greatly improved, litigants are more likely to pursue a powerful ruling instead of a relatively weak private settlement.

Lawyer B and H are the only two lawyers who noted that their copyright cases were resolved by private settlements, mostly because they were simple and did not involve large sums of money and their clients preferred to save on their the legal costs. This provides a similar conclusion for copyright cases as for patent litigations; however, lawyer H had the same conclusion with B on different grounds. To illustrate, H pointed out that because copyright litigations may be subject to criminal penalties, litigants would tend to seek private settlements in order to avoid possible criminal punishments.

In any case, the most significant point is that almost all of the IP lawyers could not draw the conclusion that the quality of copyright litigations has been improved since the new IP Court was implemented. Instead of responding to the question positively, the lawyers tended to emphasise that the establishment of the IP Court is aimed at resolving patent cases and copyright cases play only a supplementary role. What is more, some lawyers added critical comments. For example, lawyer L said that she could not tell the difference in rulings made by the specialised judges of the new IP Court and those made by the general judges of the traditional courts. Lawyer B also pointed out that even if specialised judges are necessary, he would not think that this

is equivalent to a specialised court. Lawyer B suggested that there are different divisions in the traditional courts already, and this is sufficient to deal with specific copyright cases by assigning them to the specialised copyright or IP divisions in the traditional courts. Furthermore, B states that a specialised court which takes up much funding and resources of the country, to deal with copyright cases, seems unnecessary. Lawyer H expressed her opinion in a softer way noting that she is hoping that the rulings made by the IP Court with regard to copyright litigations would improve over time.

Seven lawyers (B, E G, H, I, J and L) also expressed their concerns about the limited manpower of the new IP Court towards copyright cases. While they do not think that expertise is necessary for the cases, as there are only nine judges in the IP Court who take turns to hear the first instance and second instance trials, these nine judges would usually come to a unanimous conclusion regarding the same case. Therefore the specialised judges may not be beneficial to copyright litigants as they deprive litigants the possibility of obtaining a different ruling by going for a second instance trial. Another issue that relates to the limited manpower was raised by lawyer J, J pointed out that not only should the IP judges be assisted by the technical experts, but the Supreme Court has the power to overrule the rulings made by the IP Court and should therefore be equipped with technical expertise as well. Otherwise the final decision made by the traditional court system may overrule the previous rulings made by the specialised judges and the technical experts.

Yet, a number of lawyers hold different opinions by approving the quality advancement of the rulings made by the new IP Court. Lawyer K provides a good example, he said that not only do some copyright cases involve technological expertise, in response to the advancements in technology, but the copyright cases also require specialised judges to handle these cases with due care and attention. In addition, K approved the quality of rulings made by the specialised judges of the new IP Court and concluded that progress has been made.

In conclusion, the IP lawyers' views on the quality of copyright cases processed in the IP Court varied, some support the idea of specialised expertise in handling copyright cases and further praise the performances of the IP Court, while others question whether the technical expertise is necessary and state that the limited number of IP judges has deprived litigants' interests and feel that it is better for most copyright cases to remain in the traditional courts. The findings of the interviews correspond to the characteristics of copyright litigation discussed earlier in this chapter. As

previously concluded, litigation provides a very limited remedy in response to the technological advancement which is resonated by the diversified views of the IP lawyers, with regard to the necessity of technical expertise in copyright litigations.

5.3 Chapter Conclusion: The Rise of Symbolism

5.3.1 A Specialised Court: Justified from the Symbolism Perspective

As suggested at the beginning of this chapter, litigation plays an aggressive role in patent validity and infringements claims. Copyright regimes have been shaped and transformed by technology, whereas the litigation only plays a passive role in defining the boundary of copyright – therefore, there have been reforms on copyright laws on a continual basis. In addition, patent litigations are often used to defer or tackle opponents in the market, as a legal weapon to sustain the market order. Whereas the trend of copyright litigations is that they often fall short of dealing with the changing market landscape. In reality, new business models emerge more quickly than the litigations can change.

It is also noted that one of the main characteristics, mentioned above, of copyright litigations is in the prompting of a uniform global regime which is presenting a divided picture in the local context. This has become an important issue, largely due to the digital technological advancements that have made transnational copyright infringements easy to achieve by huge numbers of individuals. In comparison, patented technology is often beyond the reach of the public and the infringers are more limited in their number and in their scope.

Although the technology has played an important role in determining the characteristics of patent and copyright litigations, for copyright litigations, the technology has made copyright creations more achievable; while, comparatively, it is the technology contained by the patent at issue that prevents others from understanding its substance. The revelation of technology is therefore required in exchange of a legal patent.

This easy-to-reach feature is not only identified in the creation process, but also in copyright infringements. From the perspective of litigations, copyright validity or infringement cases are both very different from patent ones. Firstly, it is not compulsory to confirm the validity of copyright by an authorised body, as technology has helped people to understand the copyrighted content rather than being perplexed

by it. It is the same in terms of infringement verifications, while patent infringements may involve a high level of technological expertise to verify them, the technical experts are usually not necessary to define a violation of copyright, since the technology has simplified the process drastically.

Therefore the greatest challenge faced in copyright litigation is not that the technology is difficult to understand, but more that the technology surrounding it is usually so easy to understand that it is being used by everyone. In addition, the technological level contained in a copyright litigation is relatively low and the challenge posed by technological advancements is usually expected to be resolved by legal reforms rather than relying on the legal expertise in a court ruling. The conclusion made is that copyright litigations do not require a specialised court equipped with specialised technological expertise (either specialised judges or technical experts), and traditional courts are sufficient for dealing with copyright litigations. It is easy to place copyright and patent cases under the same umbrella of IPR, even if they are different in many aspects.

Taking a recent ruling made by the IP Court as an example, the P2P website *ezpeer* was processed to determine whether it should have criminal penalties imposed regarding the users' exchange of unauthorised copyrighted music files on its platform. The IP Court acquitted the defendant *ezpeer* again[40]; this was the same ruling as made by the traditional courts. The IP judge emphasised, in the ruling, that *ezpeer* could not be deemed responsible when it did not perform the infringing behaviours itself, nor was is deemed responsible for simply offering a platform for users. Certainly the copyright holders may not be pleased with the result; however, this case suggests that the rulings of the IP Court are no different from those of the traditional courts. It also shows that while the traditional courts cannot cure the shortcomings of the current copyright legal framework in the face of technological advancements, nor can the specialised court. The challenges faced by the copyright regime cannot be cured by specialised enforcement with technical expertise.

Another distinct difference between copyright and patent can be shown by the following comparisons. The last major amendment of the Taiwan Patent Act was made in 2003[41]; although, the most recent amendment was made in 2010[42], this

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[40] No. 16 Criminal ruling of Taiwan IP Court, 2009, appeal overruled. Available at: http://www.copyrightnote.org/crnote/bbs.php?board=6&act=read&id=80.

[41] Available at: http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=J0070007.

amendment recognised the patent priority right of China (considering the special relations between Taiwan and China) and the correct terminology, such as 'country' and 'the member of WTO'. In comparison, major changes were made to the Copyright Act more recently in 2009[43], which included the introduction of the ISP liability exclusion articles. The Taiwan Copyright Act has been amended almost every year since 2001[44], which indicates the urgent demand for overhauling the legal system. This not only proves that copyright enforcement has a limited role while being constrained by a crippled copyright regime, but it also backs up the viewpoints made by the lawyers. The establishment of the IP Court has less positive effects on the copyright litigations; however, the core problems of copyright litigations are not the focus of the IP Court, nor do some of the lawyers feel they are being properly addressed.

Furthermore, in Taiwan, copyright infringements still carry criminal penalties and the litigants tend to apply for criminal claims to encourage/force the defendants to negotiate for out of court settlements. Thus, criminal claims are important to copyright litigations, yet the technical experts and the specialised knowledge emphasised by the IP Court does not seem suitable for dealing with criminal cases. Numerous characteristics from copyright litigations identify that the IP Court is not the most suitable and criminal cases may actually be more suited to be tried in the District Courts. The sections above indicate that a sensible conclusion is that the establishment of the IP Court may be due to a mistaken perception that all IP rights litigations have something in common and therefore are suitable to the same legal treatment. In that case, patent litigations are taken as a primary example and copyright litigations are doomed to mistreatment.

5.3.2 The Prospect of Copyright Litigations in Taiwan

The setting of the Taiwan IP Court has a symbolic impact on copyright litigations. There would be advantages of setting up a specialised court to deal with copyright litigations, as suggested in the previous section (5.1.4 Summary: The Quality Concern

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[42] Available at: http://www.lawbank.com.tw/fnews/news.php?keyword=&sdate=&edate=&type_id=22&total=6690&nid=82816.00&seq=9.

[43] Available at: http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=J0070017.

[44] The history of Copyright Act amendments, available at: http://law.moj.gov.tw/LawClass/LawHistory.aspx?PCode=J0070017.

of Copyright Litigations and the Specialised Court). The specialised judicial decision making process may provide a swifter and proper judicial response to global and technological changes, compared to the traditional courts, and in few cases copyright litigations involve a high density of technological knowledge. Nonetheless, in accordance with the interviews with the lawyers, most of the lawyers have yet to reach a conclusion about the legal rulings of the IP Court in relation to adjusting the judicial department to the fast moving copyright world. The only advantage to placing copyright litigations under the jurisdiction of the IP Court is to ensure the consistency of legal doctrines, while all copyright cases are tried in the same court instead of scattering them around the various District Courts. Yet this advantage could bring other disadvantages, such as: adding to the workload of the IP judges and hampering them from building a concentration of expertise in a single category of cases. What is more, if the IP Court fails to render proper legal rulings regarding copyright cases, under these heavy workloads, the consistency of the legal doctrines may be synonymous to an inflexible judicial system. As a whole, it seems the most benefited copyright cases from the IP Court have involved intensive technological expertise, this only accounts for a limited number of a specific genre of copyright litigation cases.

As stated in the second chapter, the establishment of the IP Court very much relies on the pragmatic calculation which placed copyright litigations under the umbrella of the specialised jurisdiction. However, based on the examination provided, this does not seem to be justified and the theoretical basis differs significantly from the practical application of these cases.

Nonetheless, it is intriguing to acknowledge that the non-IP lawyers still agreed on a number of positive effects that the IP Court could bring to copyright litigations, even in the absence of practical experiences in its courtroom. Compared to patent litigations in which pragmatism dominates in its justification, in the case of copyright litigation, the IP Court is a symbolic body which represents the government's determination and willingness to protect IP rights which may serve more than a pragmatic consideration. At the very least, the name of the IP Court already conveys an assuring message to copyright holders. It may be appropriate to conclude that the impact of the IP Court upon copyright litigations is the gesture of symbolism in contrast to the role of pragmatism in patent litigations.

In the previous chapters, the impact of Taiwan's IP Court upon patent and copyright litigations were analysed, and it has been concluded that many new features of the IP

Court are aimed at improving patent litigations while copyright litigations have not changed greatly. These observations and conclusions concern the litigations themselves; however, the new dynamics presented to the legal professions and legal practices since the establishment of the specialised court have not, as yet, been addressed. The next chapter will therefore analyse data collected from the qualitative interviews with IP judges, technical examination officers and lawyers, in Taiwan, to access the impact of Taiwan's IP Court upon its legal practices and professions.

CHAPTER 6 THE IMPACT OF THE TAIWAN INTELLECTUAL PROPERTY COURT UPON LEGAL PRACTICED AND LEGAL PROFESSIONS

Intellectual property litigations have continuously posed challenges to the traditional legal framework, to illustrate, fundamental clashes between law and technology have occurred. By their nature, intellectual properties are given legal rights because their rights holders have created something new and novel; while, on the contrary, the purpose of the law is to set a precedent which can maintain the existing order. Although the laws do change, from time to time, the changes take place in a passive and responsive manner. Whereas, IP rights are only existent because the rights holders take initiatives to make changes occur.

Bearing in mind the fundamental clash between the law and technology, the establishment of the IP Court has introduced two main features for resolving conflict. Firstly, the specialised and combined jurisdiction on IP litigations, granted to the IP Court, aim to develop the IP judges' expertise and proficiency in dealing with IP cases. Secondly, the introduction of technical examination officers, who have strong technological knowledge backgrounds, aim to offer internal help to the IP judges to solve technological issues in the litigations. These two features have revolutionised the traditional IP litigation practices at different levels, the specialised jurisdiction has developed a more specialised IP legal practice and legal professions. The technical examination officers provide internal technological assistance in the IP litigations to legal professions and practices, so as to improve litigation efficiency.

As suggested in the second chapter, a common feature in the various IP courts concerns the intervention from technical expertise at different levels (2.2.5 Summary: The Various Practices of the Specialised IP Courts). Furthermore, in chapters four and five, it was observed and concluded that technical expertise is vital to patent litigations, while copyright litigations do not often deal with technological advancement cases. From the arguments established in previous chapters, it can be seen that technology plays a critical role in IP litigations. After discussing the impact of the IP Court upon different IP litigations, in this chapter, the author will continue to discuss when the law meets technology in the specialised court in order to determine the impact that this has on the legal practice and legal professions that are generally dominated by legal experts. By focusing on the intervention of technical

expertise in the specialised judiciary, the following research questions will be addressed:

1. What are the different proposals regarding the specialised judiciary on IP litigations?
2. What role do the lawyers play, before and after the implementation of the IP Court?
3. What interactions are there between the technical examination officers and IP?

Points one and three are addressed by documentary analysis and by the interviews with the IP judges and the chief technical examination officer, while the second point is addressed by the interviews with the 25 lawyers. The data for the documentary analysis was collected from internal conferences with regard to the performances of the IP Court held by the Judicial Yuan and the IP Court; this included: speeches made by judges from the traditional courts as well as IP judges, scholars, IP lawyers and administrative officials from the TIPO representatives. In the summary section of each question, the author will present a table to summarise the different views from the various parties regarding each question.

This section will focus on the impact that court specialisation has had on the legal profession and its practices from various points of view; specific consideration will be given to the infusion of law and technological knowledge on real practices. In this chapter, the transformation of the legal professions and legal practices after the implementation of the IP Court will be explored by considering the three points of interest identified above. Ultimately, this chapter will argued that the traditional legal profession in the IP law field has become rapidly more limited to an enclosed group of elites who, equipped with technical expertise and the new legal practices, are being transformed. Power is now being shared between the technical experts and the legal professionals that had originally monopolised the legal field.

6.1 Different Proposals of Specialised Judiciary on IP Litigations

6.1.1 The Judicial Hierarchy of Taiwan

The forming of the judicial hierarchy in Taiwan was based on two key aspects, the selection of judges and the lifetime tenure protection ensured by the Taiwan Constitution[1]. According to Article 9 of the Judicial Personnel Act[2], to serve as a judge or prosecutor in Taiwan, one must satisfy one of the following criteria:

1. Has passed the judicial personnel qualification exam.
2. Has qualified as a judge, or a prosecutor.
3. Has been admitted to the bar, and served as a practicing attorney for over three years, with good track records and possesses due qualification to be a public servant.
4. Has been a fulltime Professor, associate Professor at an university or a college recognised by the Ministry of Education for over three years, or an assistant Professor for over five years, and has lectured on main legal subjects for over two years, and has specialised publications on law that examined by the Judicial Yuan, and admitted by the bar or possesses due qualification to be a public servant.

A judge or prosecutor does not immediately gain constitutional tenure protection once any of the above criteria are met. Following the strict qualification stipulated by Article 9, Article 10[3] states that they have to have worked as a judge or prosecutor for five years before being examined by the Judicial Yuan regarding their integrity, work performance and other standards that are deemed suitable by the Yuan. Subsequently, they will go through another year as a judge or prosecutor on a trial basis, after which they again have to be examined by the Yuan at the end of the year, after passing this threshold they will begin tenure as a judge or prosecutor who can then enjoy lifetime job security and financial guarantee.

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[1] Article 81 of the Constitution of R.O.C. says: judges' tenure shall not be deprived of unless the judge is sentenced to criminal disciplinary penalties for public servants. Any suspension, transferral or salary deduction shall only be allowed on the ground of law.

[2] Available at: http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=S0020049.

[3] Available at: http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=S0020049.

As Section 2 of Article 9 suggests, a transfer from a judge to a prosecutor is permitted, whilst Section 3 and 4 require two or more qualifications. It is conceivable that most of the judges and prosecutors come from the method stated in Section 1, the national exam held once a year. To be able to enter the exam, one needs to prove that they have attended sufficient legal modules at the university, as a result of which the participants of this exam largely hold a degree in law and only a small amount of people come from more diversified backgrounds (e.g. those who hold degrees in political sciences) while also taking enough law modules to qualify. The qualification requirements on entering the exam therefore limit, to a certain extent, the source of judicial personnel.

The national exam consists of a two day exam which is held on consecutive days; for those who pass the written exam, they then progress on to a formal interview. The two day examination period covers various legal subjects, including: civil law, criminal law, civil and criminal procedure codes and commercial and administrative law, and so on; each exam is undertaken under the same conditions with four questions that are to be answered within 100 minutes. It is often argued by many judicial reform organisations that this type of written exam can only identify the written skills and knowledge of law texts of the examinees, but, it is unable to assess the qualities that make a good judge. Judges, who are selected from this type of exam, conceivably place more emphasis on the law presented in the text books, and they generally follow the doctrines set rather than challenging them. As a result, the lack of substantial knowledge of 'law in action' prior to becoming qualified as a judge is one characteristic of the judicial system in Taiwan which also follows the notion that it might be more conservative than radical.

After passing the exam, judges undertake an 18 month training course, this entails living in a dorm provided by the Judicial Yuan and compulsory attendance at lectures given by senior judges or prosecutors, lawyers and scholars. Similar to the university structure, the lectures and writing exams will determine grades, and their grades will determine the priority of their allocation. Those who obtain better grades have a better chance of being assigned to their preferred position, in a preferred area. This operation and logic of the training courses is very similar to that of the national exam, it is based on those who can do well in an enclosed environment; to illustrate, those who follow the doctrines set and absorb knowledge taught by the senior staff, have a better chance of entering the judicial hierarchy in a better position.

In addition, law as a profession in Taiwan allows a high school graduate to earn a law bachelor degree in four years. In the four years of university education, the Taiwan legal education focuses on the law in books; however, it spends less time on practical lessons or apprentice opportunities. Most legal classes involve lecturers giving speeches to their classes, without discussion or debate among the students. The traditional legal education relies mostly on one-way lecturing. As a result, this has contributed to a legal culture that is more conservative than progressive, and more enclosed in the taught knowledge rather than in interdisciplinary debating.

The educating of law students relies on one-way lecturing and, as such, the selection of judges is likely to include those who accept certain precedents and have authoritative theories in mind. Finally, to achieve tenure protection, the judges have to pass annually held examinations which are set by the Judicial Yuan for a six year period. It is not unfair to say that the process of training a judge into the court is mainly built upon a strict, authority-oriented judicial hierarchy.

To draw a conclusion between the tradition of the common legal education with the requirement and formality of the national exam, to the training procedure of a judge, all of these elements contribute to the following legal culture, which is: more conservative, enclosed rather than open, following the precedents and respecting the authority of senior staff and the standards in the legal doctrines.

In comparison to judges from the general traditional courts, IP judges have different requirements; however, in general they are still selected by the judicial hierarchy system, within the range of judges in the traditional courts. Article 13 of the Intellectual Property Court Organisation Act states[4]: 'Judge of the Intellectual Property Court shall satisfy one of the criteria set forth below, to quality for the position:

> 1. Has served as a judge on the Intellectual Property Court.
> 2. Has served as a tenure judge or tenure prosecutor for over two years, or has been a judge or prosecutor for over five years and been in public service of a recommendation rank for over ten years in total.

[4] Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&view=article&id=14:intellectual-property-court-organization-act&catid=13&Itemid=28&limitstart=1.

3. Has been admitted to the bar and served as a practicing attorney for over 12 years, during which he has specifically handled intellectual property cases as an attorney for over eight years with good track record.
4. Has been a fulltime Professor, associate Professor or assistant Professor at a university or a college recognised by the Ministry of Education for over eight years, and has lectured on intellectual property law courses for over five years, and has specialised publication.
5. Has been a research fellow, associate research fellow or research assistant at Academia Sinica for over eight years, and has specialised publication on intellectual property law.
6. Graduated from a public or a private, independent university, college or any graduate school recognised by the Ministry of Education, is or was in public service with a selection rank, and has handled reviews, pleadings or legal proceedings in connection with intellectual properties for over ten years in total.
7. The Judicial Yuan shall set up a Selection Committee to administer the selection of candidates who possess the qualification set forth in Subparagraph 2 of the preceding paragraph. Before a candidate reports for duty, he shall receive on-the-job training on the Patent Act, Trademark Act, Copyright Act or other applicable law and technology. The Judicial Yuan shall prescribe the rules governing the on-the-job training courses and the organisation and selection process of the Selection Committee.
8. After passing the reviews of the Review and Admission Committee set up by the Judicial Yuan, candidates who possess the qualifications set forth in Subparagraphs 3 to 6 in the first paragraph shall receive pre-job training concerning the Administrative Law, Code of Administrative Procedure, Patent Act, Trademark Act, Copyright Act, Civil Code, Criminal Code and other relevant laws. The candidate shall not report for duty until he passes the examination of the training. The Judicial Yuan shall prescribe the rules governing the pre-job training courses and the organisation, review and admission criteria of the Review and Admission Committee.'

The IP Court was launched in July 2008 and all of the current serving IP judges transferred from the general courts and therefore fulfilled the second subparagraph of the Article above. Although these selected judges were required to take a four

month training course before they commenced their service in the IP Court[5], they all had experience of working in the traditional courts and possessed singular legal backgrounds as they came from the same selection mechanism as previously mentioned.

6.1.2 The Specialised Jurisdiction

The Taiwan IP Court distinguishes itself from other traditional courts under the judicial system, based on its specialised jurisdiction for IP litigations. As mentioned in previous chapters, the specialised jurisdiction granted to the IP Court aimed to provide a strong foundation to help the judges to build up specialised expertise and therefore benefit IP litigations. This assumed connection, between the specialised jurisdiction and the benefits it has brought to IP litigations, will be considered in practice by examining and analysing perspectives from: the internal staff of the IP Court (including: IP judges, administrative officials who could be technical examination officers, and on duty technical examination officers), and the external users or observers of it (such as: lawyers, traditional judges and scholars), in order to question whether IP litigations have benefited from the current specialised jurisdiction, and if so, to what extent.

Although the law does not prohibit litigants from litigating IP cases in the traditional District Courts, in practice, the judges of District Courts tend to transfer IP related cases to the IP Court regardless of the legal rights of litigants to choose the courts in which they would like to proceed with their litigations. This approach may have the following negative effects: firstly, given that there are only nine judges in the IP Court, it would be difficult for them to cover all of the IP cases across Taiwan; secondly, especially with regard to copyright cases which are highly related to criminal claims, the criminal claims are better processed in the District Courts based on their skills at collecting evidence when compared with the IP Court which is located in Taipei County and has limited manpower. The number of cases per IP judge is comparatively less than that of judges in the traditional courts, the location of the IP Court is a concern and the speciality is another. As shown in the interviews for this study, IP lawyers commented that IP judges have failed to make landmark rulings in copyright litigations as they had expected they would, this may be due to the requirement for deliberate and exquisite legal discretion rather than mere efficiency.

[5] Available at: http://www.cepd.gov.tw/m1.aspx?sNo=0010061, News release on the website of Taiwan Council of Economic Planning and Development, released on 8 April 2008.

The location of the IP Court[6] suggests that it was not designed as a District Court; however, according to the IP Organisation Act it does act as both a first instance and second instance court, which makes it very confusing and may go against the litigation rights that are protected by the Constitution. The reasons for this are that: the single location of the IP Court puts litigants who live outside the Taiwan County at a disadvantaged status; and, secondly, the same panel of IP judges holding the first and second instance trial is likely to deprive litigants of the right to a proper appellate trial.

6.1.3 The View of the Administrative Officials

By the end of 2009, 18 months after the launch of the Taiwan IP Court, a series of official conferences on the adjudication of IP litigations were held by the IP Court; at which, scholars and practitioners specialising in the field were invited to give their opinions upon the current framework[7]. One of the agendas for discussion focused on the courts' specialised and combined jurisdiction on miscellaneous IP legal issues. There are two main issues to be addressed in this topic, the first issue is whether the IP Court should be defined as a second instance court specifically or whether it should act as first and second instance courts simultaneously. The second issue is whether the IP Court has deprived litigants of their interests of seeking appellate trials[8]. However, the discussions on the conferences were not limited to these two issues, attendants also debated on the role of the IP Court and how it might function better. This led to a discussion on the role of the IP Court which inspired some attendants to debate and rethink the roles of the IP Court and the traditional ones.

Director Wang[9], the head of TIPO, pointed out that all of the technical examination officers, currently working in the IP Court, were 'borrowed' from TIPO. Wang

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[6] The Taiwan IP Court is located in New-Taipei City.

[7] There were three conferences in total, which were held on 23 Nov., 30 Nov., and 4 Dec. 2009. The transcribed texts of these conferences are available at: http://www.judicial.gov.tw/IProperty/. Hereafter the text word file of the first conference will be referred to as: No.1 conference text file, and so on with the subsequent conferences being referred to as: No.2 conference and No.3 conference.

[8] In this regard, the representative from the Judicial Yuan admitted the Control Yuan had issued a document in May 2009 concerning the deprivation of litigants' appellate interests. The IP Court was requested to provide an explanation: see p.2 of No.2 conference text file.

[9] Director Wang, Mei-hua. on p.5-6 of No.1 conference text file.

emphasised that the supply of technical experts was limited. Furthermore, Wang was concerned that in the case of assigning technical examination officers to District Courts, TIPO would not be able to supply the amount of experts that were needed. Director Wang of TIPO also noted that Article 4 of the Intellectual Property Organisation Act states that[10]:

> 'The Judicial Yuan shall determine the location of the Intellectual Property Court. The Judicial Yuan may set up additional branches of the Intellectual Property Court based on geographic need and the docket load'.

Therefore the establishment of additional branches of the IP Court should be considered as one possibility[11]. Wang suggested that the setting up of different branches might be worth considering because patent, trademark and copyright litigations are all different with regard to the jurisdiction and appellate interests and as such they should be treated in different ways.

The head of the legal affairs department of TIPO, Shih[12], pointed out that patent, copyright and trademark cases are three different categories of litigations and it is therefore not necessary to treat them equally[13]. Although Shih did not object to the setting up of specialised divisions in the District Courts, he was concerned that the specialised expertise of judges in the District Courts might fall behind that of the current IP judges and that the limited supply of technical experts could affect the quality of the rulings.

6.1.4 The View of the Scholars

Professor Tsai[14], the head of the College of Law at the National Taiwan University, recommended that the IP Court be transformed into a second instance appellate court, and that technical experts could be assigned to work in the District Courts so as to help the judges who have first-hand access to facts on the litigation cases presented.

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[10] Available at:
http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=14&Itemid=28.

[11] Available at: p.11-12 of No.1 conference text file.

[12] Shih, Po-ren.

[13] Available at: p.14-16 of No.2 conference text file.

[14] Professor Tsai, Ming-cheng, available at: p.4-5 of No.1 conference text file.

Professor Shen[15] emphasised that litigants should be left with choices on the jurisdiction. Shen also noted that based on Japan's experiences, specialised IP courts should be aimed at dealing with 'technical' IP cases, instead of accepting miscellaneous cases as long as they are related to IPR[16]. Shen further pointed out that in some cases, for example cases involving less technical matters or small amounts of money, litigants may prefer to have the trial in the neighbouring District Court. The original purpose of the IP Court was to focus on those IP legal issues involved with large sums of money or those involving high technological matters. With regard to these complicated IP litigations, it could be expected that litigants could have agreements on the jurisdictions in advance and the IP Court would be the prioritised choice as it built up credibility from its practices. Sadly, Professor Shen observed that in current legal practices, the District Courts would transfer any cases that related to IP matters to the IP Court, even those cases that qualified to be tried in the traditional courts; obviously, this has undermined the rationale of the IP Court while also jeopardising litigants' interests.

Professor Shieh[17] in the second conference[18] suggested transforming the IP Court into a specialised appellate court, by assigning IP litigations in the first instance to specialised divisions of the District Courts. This view is supported by the fact that there are separate civil and criminal divisions in the District Courts, each of which is assigned their respective civil or criminal jurisdiction. Shieh also suggested that the specialised IP divisions of the District Courts should have jurisdiction over criminal and civil claims as long as they are related to IP matters. In other words, these specialised divisions of the District Courts should be granted the same combined jurisdiction as the IP Court.

In contrast, Professor Hsu[19] emphasised that the role of the first instance trial judge and that of the second instance trial judge should be clearly distinguished[20]. Not only for the protection of litigants' interests, but also to maintain the hierarchy of the judicial system. Judges of the second instance trial are expected to hold more experience in relevant litigations therefore it is not reasonable for the IP judges to be

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[15] Professor Shen, Guan-ling, associate Professor of the College of Law in National Taiwan University.

[16] Available at: p.9-10 of No.1 conference text file.

[17] Professor Shieh, Ming-yang, Professor of the College of Law of National Taiwan University.

[18] Available at: p.3-5 of No.2 conference text file.

[19] Professor Hsu, Chung-shen, Professor of the Law Department of Cheng Kung University.

[20] Available at: p.10-12 of No.2 conference text file.

randomly allocated by switching between the first instance and second instance trials, every now and then.

6.1.5 The View of the Lawyers

Chief Manager Yeh of the Chinese Gamer Corporation[21] suggested establishing specialised IP divisions within the District Courts, but the judges of these divisions should come from the IP Court, considering their specialised expertise is better than that of the judges in the traditional courts[22]. Yeh agreed that the IP Court should be transformed into a second instance court, but insisted on the specialisation of IP litigations at the first instance level.

Chairman of the Asian Patent Attorneys Association (APAA) in the Taiwan Group, Lin[23], in response to this agenda emphasised that patent litigation lawyers were suspicious about the same panel of judges hearing cases at both the first and second instance level, therefore it might be better to set up a specialised division at least in the North, Central and South areas of Taiwan[24]. Lin also stressed that technical examination officers seem to be necessary only in patent litigations, while trademark and copyright cases should not be compelled to be tried in the IP Court. Although, under the current circumstances, litigants of trademark or copyright cases who prefer to save the time and costs associated with being tried in the nearby District Court would be disadvantaged. As a consequence, IP judges are given a very heavy workload and are required to hear all kinds of IP litigations; thus, other judges have no chance of accumulating relevant expertise and experiences[25].

Lawyer Chiang, lawyer Fan, and lawyer Yu[26], all of whom are lawyers that specialised in IP litigations, pointed out that it would be better if the difference between the first instance and second instance trial were clarified[27], while the former may emphasise more of the facts, the latter may emphasise more consistency of the

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[21] Yeh, Chi-hsin, chief manager of Chinese Gamer International Corporation, a company that specialises in selling online computer games, available at: http://www.chinesegamer.net/index_en.htm.

[22] Available at: p.7-8 of No.1 conference text file.

[23] Lin, Chiou-chin.

[24] Available at: p.12 of No.1 conference text file.

[2525] *Ibid*.

[26] Lawyer Chiang, Ta-chung, Lawyer Fan, Shiao-ling. Lawyer Yun, Yi-chun.

[27] Available at: p.6-7 of No.2 conference text file.

legal doctrines. In the case of assigning IP litigations in the first instance to District Courts, another concern was how to assure that specialised expert judges were actually on duty.

Lawyer Shih [28], a lawyer who also works for Microsoft Corporation, has comprehensive experience of representing interests of both parties in IP litigations. Shih concluded that protection of litigants' interests is really an important issue. Lawyer Chen [29] and patent attorney Peng [30] both emphasised the importance of protecting litigants' interests for getting appellate trials [31]; Chen particularly stressed that the number of technical examination officers is limited, and if the same panel of officers takes part in the first and second trial of the same litigation, this would be unfair to litigants. More importantly, technical examination officers are to assist with matters of fact rather than matters of law; thus, the first instance court should be defined as the court dealing with the matter of facts of the case, while the second instance court should be defined as the court dealing with the matter of the law. In this case, the technical examination officers should be assigned to assist judges of the first instance court.

In general, lawyers are more concerned about the interests of litigants and prefer to define the IP Court as a specialised appellate court, but they repeatedly stress that the first instance court, for proceeding IP litigations, should be equipped with sufficient technical examination officers. Thus suggesting that from the lawyers' perspective, technical assistance is the focus of assuring the court's specialisation instead of other features.

6.1.6 The View of the Judges in Traditional Courts

Judge Ou Yang [32] of the District Court did not think the specialisation requirement would be an issue for judges working in the traditional courts [33]. Yang concluded that with the assistance from technical experts, judges of the District Courts should be

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[28] Lawyer Shih, Li-cheng, Head of the Legal and Public Affairs Department of Taiwan Microsoft co.

[29] Lawyer Chen, Ho-kui, lawyer of Taiwan International Patent Law firm.

[30] Patent attorney Peng, Kuo-yang, patent attorney of Lian Bang Patent and Trademark Office.

[31] Available at: p.10-15 of No.3 conference text file.

[32] Judge Ou Yang Han-jin, Judge of Taipei District Court.

[33] Available at: p.8 of No.1 conference text file.

able to render good quality rulings, efficiently. Judge Wu[34] of the Civil Hall of the Judicial Yuan agreed with Professor Shen's opinions[35]. Wu added that there is no need to assign technical experts to the District Courts considering their limited numbers and, if litigants prefer to proceed with litigations in a court assisted by technical experts, then they have the choice of proceedings in the IP Court. Litigants would learn to make agreements upon the jurisdiction of IP litigations. In other words, Judge Wu stressed that instead of setting up specialised divisions in the District Courts, that could hurt the litigation rights of the public, it is better to leave the technically intensive IP litigations for the IP Court and leave choices on jurisdiction for litigants with regard to the less technical IP cases.

During the third conference, a judge of the Supreme Court – Liu[36] commented that from the statistics provided by the IP Court, thus far there were 908 cases tried in the IP Court of which 638 were completed and 71 cases had continued in the second instance trials[37]. Therefore Liu considers that the IP Court has done very well and there are no reasons to make further changes. Instead of suggesting that IP litigations are assigned to the traditional courts, Judge Liu, as a member of the 'traditional courts', suggests modifying the IP Organisation Act so as to assign the IP Court with exclusive and specialised jurisdiction on IP litigations. Prosecutor Chang[38] agreed with Liu that the IP Court should be assigned with exclusive jurisdiction since it had performed well[39]. Chang also stressed that considering the litigants' interests, a clear distinction between the first and second instance trial is necessary and therefore IP litigations at the first instance level should be tried in the District Courts.

Judge Tsai[40], a judge from the criminal division of the Supreme Court, reminded the audience that the main purpose of founding a specialised court initially was to seek legal consistency on a specific category of cases[41]; in addition to the external pressure from the US government. In the case of assigning IP litigations to the traditional District Courts, the original purpose of the IP Court would be ignored; therefore it

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[34] Judge Wu, Guang-zhao, Judge of the Civil Hall of Taiwan Judicial Yuan.

[35] Available at: p.11 of No1. conference text file.

[36] Judge Liu, Fu-lai, Chief Judge of the civil division of the Supreme Court.

[37] Available at: p.3-5 of the No.3 conference text file.

[38] Prosecutor Chang, Ching-yun, Chief Prosecutor of IP division of Taiwan High Court.

[39] Available at: p.5-6 of No.3 conference text file.

[40] Judge Tsai, Tsai-chen.

[41] Available at: p.14-16 of No.3 conference text file.

would be more reasonable to increase the staff of the IP Court rather than change the original structure. Judge Hsu[42], Chief Judge of the Administrative High Court, on the contrary, had no objection to assigning IP litigations to the traditional District Courts, considering the view of protecting litigants' interests[43].

Deputy Chief Huang[44] explained why the Judicial Yuan would adopt the option of granting the IP Court the jurisdiction of the first and second instance trials; it is simply because of consideration for the number of cases[45]. If the Judicial Yuan were to establish a specialised division in the District Courts, then the increased workload for judges of the District Courts may cause complaints.

As for the specialised but not exclusive jurisdiction, Huang explained that the Judicial Yuan had concern that the boundaries of IP litigations were blurry. The Judicial Yuan was concerned about litigants' rights to argue over the characteristics of litigations, therefore a 'specialised' but not 'exclusive' jurisdiction for the IP Court was adopted[46]. With regard to establishing a specialised IP division in the District Court, Huang suggested that this option would be better than increasing the number of IP judges, especially as a link could be established between the IP Court and the specialised IP divisions in the District Court. In other words, judges who serve in the IP divisions of the District Court would be potential IP judges in the future and this is good in terms of personnel training of the judiciary.

Huang responded to the question concerning the limited number of technical examination officers by stressing that, based on his experiences gained whilst visiting the IP Court in Japan, judges do not necessarily accept the technical examination officers' opinions. Furthermore, the technical examination officers in fact do not expect their opinions to be fully and unconditionally accepted by the judges. Although there is insufficient empirical evidence to show the real interaction between the IP judges and the technical examination officers in Taiwan's IP Court, Huang believes that, based on the practical experiences of other countries with similar systems, IP judges would not unconditionally follow the opinions provided by the technical examination officers. Huang recommended that if the establishment of IP divisions in the District Court comes into existence, then the limited supply of

[42] Judge Hsu, Ruei-huang, Chief Judge of Taipei High Administrative Court

[43] Available at: p.17 of No.3 conference text file.

[44] Deputy Chief Huang, Lin-lun, Deputy Chief of Judicial Administrative Hall of Judicial Yuan.

[45] Available at: p.19 of No.3 conference text file.

[46] Available at: p.20 of No.3 conference text file.

technical examination officers could be remedied by increasing the number of judicial affairs officers[47].

6.1.7 The View of the Judges in the Specialised IP Court

IP Judge Lin[48] expressed her opinions by responding to comments from academic, administrative, commercial and legal practice areas[49]. First of all, Lin noted that while people are eager to question the high consistency of the rulings of the first and second instance levels in the IP Court, it should be considered that this might be a result of high accuracy of rulings made by the first instance trial in the IP Court. Judge Lin agreed that it might cause a negative impression that the same panel of IP judges take turns in the first and second instance trial; however, these impressions do not relate to the actually truth. Judge Lin also pointed out that the main issue may be concerned with the limited number of technical examination officers instead of the limited number of IP judges.

For example, in a recent patent case the plaintiff applied for a preliminary injunction but the application was overruled by the judge who took advice from a technical examination officer. Therefore, when it came to a trial on substantial matters, the plaintiff claimed that the court should avoid assistance from the same examination officer because he had already made a judgement that was against a specific party. The problem now is, as Lin pointed out, in every specific technical area, there are only two technical examination officers and they will become ‘exhausted’ at some point. Therefore, even with an increase in the number of IP judges, this problem will remain if the number of technical examination officers remains the same.

In addition, speaking from Judge Lin’s field experience and in accordance with the Code of Civil Procedure in Taiwan, when the District Court receives a case the litigant should be given a chance to know that they have the legal right to claim that their case be tried in the District Court. In some cases, litigants are forced to be tried in the IP Court. In one case, the litigant complained that his machines concerned in

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[47] Judicial affairs officers assist judges with the procedures in the courts. Article 17-1 of the Court Organisation Act, available at: http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=A0010053.

[48] IP Judge Lin, Hsin-jung (Gloria), more about her available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=17&Itemid=49#Gloria%20H.J.%20Lin.

[49] Available at: p.13-15 of No.1 conference text file.

the case were located in Tainan, while he needed to travel to Taipei for the litigation. Therefore Lin noted that the District Court made the jurisdiction choice instead of the litigant. It is not fair for litigants, let alone for the IP judges who might need to travel to other areas of Taiwan to examine the field evidence.

Judge Lin also provided her own experiences and recommended that technical examination officers are divided into four main groups, including: information and electrical, mechanics, chemistry and new designs. From her own field observation, the former two categories are more of an issue in the North, and the latter two categories are more in the South. Therefore, it might be appropriate that Northern and Southern IP divisions in the District Court be set up and technical experts of different expertise be allocated to the respective divisions.

IP Judge Thon[50] offered a different perspective[51] on the specialisation of judges arguing that it is a misconception that only specialised divisions or specialised courts could render quality rulings. Judge Thon spoke from her own experiences of working in the Taipei District Court, although only one third of cases assigned to her were related to IP matters she actually spent half of her time on this category. Thon pointed out that IP law is founded on basic legal principles arising from the criminal and civil laws. A good IP judge must also be good at ruling the 'traditional' cases and Judge Thon argued that putting too much emphasis on 'specialisation' might cause isolation and narrow-sightedness. Thus, it might be better to introduce judges of various experiences so as to contribute to this IP legal field, especially at the first instance level. The consistency of the legal doctrines could be dealt with at the second instance level. Judge Thon suggested that IP litigations should be assigned to the traditional District Court for the first instance trial.

IP Judge Lee[52] agreed that IP cases should be assigned to specialised divisions of the traditional District Courts, stressing that these judges should be trained and assigned by the Judicial Yuan directly, so as to maintain quality rulings[53].

It is intriguing that the host of this conference, President of the IP Court Gao[54], responded specifically to Huang's suggestions after his speech. Gao stressed that

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[50] Judge Thon, Song-mei.

[51] Available at: p.18-20 of No.2 conference text file.

[52] IP Judge Lee, De-tsao, Chief Judge of the IP Court.

[53] Available at: p.19 of No.3 conference text file.

she is very much concerned about the issue of training and educating the IP judicial personnel. Currently all IP judges were selected from judges who attended relevant training courses provided by the District Courts. Gao expressed her worries that if the District Courts did not continue its training because of the setting of the new IP Court, very shortly the IP Court would run out of IP judges[55].

Interviews were undertaken on 17 December 2010 with Judge Wang (who specialised in criminal cases during his working years in the District Courts) and Division Chief Judge Lee (who was transferred from the Higher Administrative Court). Judge Wang claimed that while patent litigations are much more efficient with the assistance of technical examination officers in the IP Court, copyright litigations should not necessary be placed under the specialised jurisdiction unless they are highly related to technical issues, such as computer software cases. IP Judge Grace Tsai, interviewed on 24 December, 2010, also agreed with IP Judge Wang's opinions, she suggested that either the specialised jurisdiction should be limited to those IP cases that involve highly-technical issues or the manpower of the IP Court should be enhanced to assure the quality of IP litigations.

While IP Judge Wang and Tsai both gave credit to the current design of the IP Court, emphasising that the specialised jurisdiction helps IP judges to accumulate expertise and knowledge improvement, the quality and efficiency of the IP litigations was also much improved. Judge Lee, previously a senior judge of the Administrative Higher Court, provided insight into IP administrative litigations. Judge Lee had decades of practical experiences which provided a different opinion, most significantly, Lee pointed out that it was not suitable that administrative, civil and criminal IP litigations were all placed under one specialised IP Court, as this could lead to a conflict of rulings. For example, litigants are now allowed to argue patent validity in a civil infringement case, if litigants also file another administrative case to argue for the validity, it is possible that IP judges of the administrative division and civil division could make contradictory judgements on the same patent validity. Though, in practice, Judge Lee stressed that judgements regarding administrative points made by IP judges in civil cases would very likely be sustained by other IP judges' rule of administrative claims (of the same case). Judge Lee did not note any problem regarding the interaction between IP judges and the technical examination officers;

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[54] President Gao, Shiow-jen, President of the IP Court, available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=17&Itemid=49#Gao.

[55] Available at: p.22 of No.3 conference text file.

however, he did mention that IP judges should disclose their internal reasoning and judgement to both parties as much as possible, which would help litigants to understand the procedure and make more informed decisions.

6.1.8 The View of the Chief Technical Examination Officer

On 7 December 2010, the author met the chief technical examination officer, Lin[56], with permission from President Gao of the IP Court. Lin has a bachelor degree in mechanics and a master degree in law. The interview was scheduled to last for 30 minutes, but it actually lasted for two hours.

In the interview, Lin stated that based on his observations, the combined jurisdiction contradicts the original purpose for setting up the specialised court. Lin questioned the difficulties faced by IP Judges to establish their expertise in certain cases if they are required to deal with administrative, civil and criminal IP cases under the current regulations[57]. Instead of advocating for more IP judges to handle the different IP litigations, Lin suggested following the example of Japan's IP Court system. In Japan, the non-technical IP litigations are sent back to the District Courts, leaving only technical IP litigations for the specialised IP Court to deal with.

It is worthy of attention that Lin particularly noted the importance of the technical examination officers for helping IP judges to conduct their litigations. He suggested that as long as the District Courts are equipped with sufficient technical examination officers, then IP litigations could be processed under the specialised divisions of the District Court instead of being processed in the setting of a specialised court.

[56] Lin, Kuo-tan, has a mechanics degree and used to work in the Taiwan Intellectual Property Office as a patent application examiner for more than 20 years.

[57] IP judges are assigned cases randomly, by drawing lots; therefore, each IP judge has equal opportunity to deal with administrative, civil and criminal IP cases.

6.1.9 Summary: Discovering the Role of the Judicial Yuan in Support of the IP Court

	The jurisdiction conflicts between the IP Court and the traditional District Courts	**The litigants' interests**	**Suggestions**
Administrative Officials	No preferred options but sufficient supply of technical experts has to be assured in each case.	No preferred options but sufficient supply of technical experts has to be assured in each case.	
Scholars	The IP Court should be defined as a specialised appellate court.	The court of the first instance and that of the second instance should strictly be distinguished.	The IP Court should be transformed into a second instance appellate court and technical experts should be assigned to work in the District Courts.
Lawyers	The IP Court should be defined as a second appellate court and specialised divisions in the District Courts should be established.	It has to be assured that the judges of the District Courts possess sufficient expertise to deal with IP cases.	
Judges of Traditional Courts	Judges of the traditional District Courts are capable of handling IP cases, as long as there is enough support from technical experts.		What is the purpose of founding the specialised IP Court, from the very beginning?
Judges of the IP Court	District Courts should give litigants the choice to select a court rather than being forced to use the IP Court whenever cases relate to IP issues.	The high consistency of rulings of the first and second instance level in the IP Court should be considered as they might be a result	The IP Court should be staffed with more IP judges and the criminal jurisdiction should

		of high accuracy of rulings made by the first instance trial in the IP Court.	be removed from the specialised jurisdiction.
Chief Technical Examination Officer	As long as the District Courts are equipped with sufficient technical examination officers, IP litigations can be put under the specialised division of the District Court instead of setting up a specialised Court.		Follow Japan's IP Court system, and send the non-technical IP litigations back to the District Courts, leaving only the technical IP litigations for the specialised IP Court.

Table 6.1: The Various Perspectives on the Specialised Jurisdiction of the IP Court

It has been previously noted that the administrative office supplies the technical examination officers which serve in the IP Court; in other words, these officials, whose opinions are presented, are internal staff of the IP Court and, as such, their opinions may be biased. The opinions of Director Wang and the other TIPO official, Shih, regarding the role of the IP Court were fairly similar; they both agreed that IP litigations have different characteristics and that it might not be best to put them all together under one jurisdiction in order to achieve the best performance of specialisation. There was also general concern about the insufficient number of technical experts, on a practical level, if the District Courts were to deal with IP litigations; thus suggesting that more technical experts would be needed and they would be short of staff.

By contrast, it was shown that scholars were clearly more concerned about the righteous role of the IP Court instead of the practical issues. Professor Tsai argued for changing the IP Court into a second instance appellate court and for assigning the technical experts to work in the District Courts so as to help the judges who have first-hand access to facts of the litigation issue. Professor Shen[58] emphasised that the IP specialised court should be aimed at dealing with 'technical' IP cases, instead

[58] Professor Shen, Guan-ling, associate Professor of College of Law in National Taiwan University.

of accepting miscellaneous cases that generally relate to IPR. Professor Shieh[59] suggested transforming the IP Court into a specialised appellate court by assigning IP litigations in the first instance to specialised divisions in the District Courts. Professor Hsu[60] emphasised that the role of the first instance trial judge and that of the second instance trial judge should be more clearly distinguished[61]. To summarise, the scholars were advocating for a supervisory, appellate role for the IP Court, and for it to deal with only those cases involving intense technical issues.

As for the lawyers' perspective regarding the role of the IP Court, conceivably they were inclined to secure the best interests for their litigants. In general, the lawyers criticised the jurisdiction of the IP Court in that it could deprive litigants of their appellate interests, and some of them argued that IP litigations could be assigned to District Courts. However, in this case, they didn't forget to mention that the specialised 'judicial expertise', rendered by the IP Court with specialised IP judges and technical examination officers, should be assured in the District Courts when necessary.

It is intriguing that while other groups argued to consider the establishment of IP divisions under the District Court to supplement the appellate role of the IP Court, judges from the traditional courts generally had positive attitudes towards the performances of the IP Court. Although theses judges, of the traditional courts, didn't rule out the option of IP divisions completely, they stressed that this option should be considered along with the following agendas, such as: staffing the District Courts with sufficient technical examination officers; leaving the IP Court as an alternative choice for litigants; or, leaving only those technical-intensive cases for the IP Court. In addition, one judge reminded everyone that the original purpose of establishing the specialised IP Court should be respected, suggesting that it would be the same as before if IP cases were reassigned to the District Courts.

Finally the representative from the Judicial Yuan, Huang, suggested that it is best to enrich the manpower of the IP Court in order to solve these issues, instead of alternative options with regard to the reasons for establishing the IP Court. His statement suggested that the standpoint of the Judicial Yuan on this issue is to ensure the specialised role of the IP Court, on top of other concerns such as litigants'

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[59] Professor Shieh, Ming-yang, Professor of the College of Law of National Taiwan University.

[60] Professor Hsu, Chung-shen, Professor of the Law Department of Cheng Kung University.

[61] Available at: p.10-12 of No.2 conference text file.

interests or the capability of the District Court. The Judicial Yuan would prefer to resolve other concerns on the basis of maintaining a specialised IP Court.

The IP judges defended the performances of the IP Court explicitly or implicitly. To illustrate, IP Judge Lin stated that it is very likely that their rulings were sustained due to their quality, and IP Judge Lee implied that the IP judges were doing better jobs by agreeing that IP cases would only be assigned on the condition that the traditional judges should be well trained beforehand. President Gao of the IP Court, who was assigned by the Judicial Yuan, agreed with its representative Huang, suggesting the enriching of the manpower of the IP Court. The only dissenting opinion came from the former IP Judge Thon, who offered a new perspective on disadvantages of court specialisation. It is interesting to note that Judge Thon was the only judge who was not an incumbent IP judge.

The chief technical examination officer, Lin, was more concerned about the importance attached to the technical issues in IP cases; therefore, he suggested separating technically-intensive cases from normal IP cases in line with the Japanese IP litigation system.

In conclusion, each group had their own perspective. The external users of the IP Court, such as the lawyers, tended to go for external options such as District Courts to solve the problem, while the internal staff of the IP Court tended to go for internal solutions such as enriching the manpower within. By contrast, the Judicial Yuan has illustrated determination in seeking a solution without disrupting the foundation of maintaining a specialised IP Court. None of the groups contested the importance of technical expertise in IP litigations, but their different positions in the legal field influenced their perspectives and preferences regarding the best practical approach.

In the course of this debate, it is not surprising to find various groups are taking different stands over this issue. Nonetheless, it seems that the Judicial Yuan failed to respond to the various possibilities for a specialised judiciary and instead emphasised its stance on maintaining the IP Court. This observation resonates the results suggested in chapter three (see:3.2 The History of the Establishment of the Taiwan Intellectual Property Court). The establishment of the specialised IP Court was in response to a scheduled policy, and the role of the Judicial Yuan is strong in defending this position, but it is weak in balancing the interests of the various parties.

6.2 The Role of the Lawyers

6.2.1 The View of the Non-IP Lawyers

To explore the role of the lawyers, from before and after the implementation of the IP Court, the data collected during the interviews with 25 lawyers[62] will now be analysed. A number of questions in the questionnaire were designed specifically for the lawyers, in order to assess the impact of the IP Court upon their role, these questions were divided into three main sections. The first section contained questions seven to nine, which focused on identifying: the number of cases; the value of the subject matter of the cases; and, the average legal cost per case, before and after the implementation of the IP Court. Questions seven to nine aimed to provide an understanding of whether the quantity (the number of cases) or quality (the subject matter value and the legal cost of the case) of their cases altered with the implementation of the IP Court. The second section of questions focused on efficiency with special reference to patent and copyright cases. This section contained four open questions as shown by the bullets below:

- Question 16 asked interviewees to talk about the possible steps regarding how to improve the efficiency of patent litigations.
- Question 22 asked interviewees to provide information regarding the future steps for improving the efficiency of copyright litigations.
- Question 30 asked interviewees to talk about the possible steps regarding how to make improvements on the grounds of expertise for patent litigation.
- Question 38 asked interviewees to provide suggestions for improving copyright litigations on the grounds of expertise.

The interviewees were divided into two groups, 14 were IP lawyers and 11 were non-IP lawyers, it was presumed that the non-IP lawyer group were least affected by the implementation of the IP Court – this assumption was supported by the results from the interviews. In the non-IP lawyer group, their answers tended to focus on 'no changes'. With regard to questions seven to nine, the non-IP lawyers suggested that there were no changes, irrespective of the number of cases, the value of the subject matter of the case or the legal cost of the cases. With regard to questions 16 and 22, the non-IP lawyers felt that the implementation of the IP Court has greatly

[62] As stated earlier, these interviewees consisted of 25 lawyers, 14 of which were IP lawyers, 11 of which were general lawyers (non-IP lawyers).

improved the efficiency of both patent and copyright litigations, but they didn't really explain their answers with further comments. With regard to questions 30 and 38, most of the non-IP lawyers failed to make any suggestions, but two lawyers did provide substantial opinions in response to question 38. These two lawyers pointed out that the establishment of the IP Court should be deemed as a step towards better IPR protection, yet they were concerned about other categories of cases, requiring specialised legal expertise, being overshadowed by the IP litigations.

The non-IP lawyers noted that the setting of the IP Court did not provide a 'one size fits all' solution for IP litigations, and it should be kept in mind that other necessary steps were still needed to progress the structure and proceedings of the IP Court. These two answers are intriguing because they reflect the external point of view concerning the establishing of the IP Court. The first point is concerned with the justification of the IP Court and whether the distribution of national legal resources is fair only to the IP litigations. The second point is concerned with the setting of the IP Court and whether it is seen as such a strong gesture for protecting IPR that people forget to examine other solutions. To draw a conclusion, although the legal practices and the roles of the non-IP lawyers were not altered with the implementation of the IP Court, they were concerned about the justification of setting up a specialised court to deal with a specific category of cases. In addition, they also questioned whether there were better alternatives that were being overlooked because of the symbolic meaning carried by the IP Court. These two perspectives, provided by the external non-IP lawyers, will be examined in the final chapter of this thesis.

6.2.2 The View of the IP Lawyers

Before analysing the IP lawyers' interviews, it should be noted that because the questions, regarding the number of cases, the value of the subject matter or the legal costs of a case, focused on confidential matters concerning the law firm, some of the lawyers declined to give specific numbers in response to these questions. With regard to the open questions, some lawyers failed to provide concrete opinions by simply stating 'no comment'. It is assumed that this is partially because some of the lawyers did not want to express their opinions or suggestions about the IP Court in case they offended the court and put themselves in a disadvantaged position in the future. Under these circumstances, it should be noted that some of the questions, in the questionnaire, were left blank by the interviewees.

Lawyer A worked in a small law firm which deals with all kinds of cases, the number of cases commissioned to him is the same as before the establishment of the IP Court in terms of patent and copyright cases. The values of the subject matter of his cases and the legal costs of a case remain the same, averaging around 200 thousand New Taiwan dollars[63] (NTD). In response to questions 16 and 22, lawyer A complained that the IP Court pays too much attention to speeding up the patent litigations and, from his point of view, IP judges are more authoritative in conducting the trials and facilitating the litigation procedure than judges of the traditional courts. Therefore, A commented that the role of IP lawyers seems to be downplayed in the new IP Court. Regarding questions 30 and 38, lawyer A stated that in patent litigations a patent at issue usually only has a very limited lifecycle in the market and in some cases one party might win the case but lose the financial rewards because of the passage of time. Lawyer A also suggested that IP judges are equipped with more knowledge of the market and are therefore more able to protect litigants' interests. Lawyer A concluded that IP lawyers have been downplayed, and the market itself, currently, plays a bigger role than the law with regard to patent litigations.

Lawyer B worked in a medium-sized law firm and has only had one case tried in the IP Court, thus far, which was still on-going at the time of the interview. Lawyer B stated that the number of cases he was commissioned on had not changed, nor had the value of the subject matter or the legal cost of the cases. On average, the values of his patent cases were around two million NTD, and the values of his copyright cases ranged from 200 thousand to one million NTD. For both patent and copyright cases the clients were charged at 2-3% of the total subject matter value. With regard to questions 16 and 22, B stated that it was not necessary to establish a specialised court because the jurisdiction of the IP Court is non-exclusive as there is only one IP Court in Taiwan; furthermore, if the specialisation mechanism is not right for IP litigations, then it might be better to establish specialised divisions in the District Court. Lawyer B concluded that it is more important to make substantial changes, within the existing judicial system, than to set up a new legal organisation. In addition, as the design of the new IP Court allows IP judges to hear cases at the first and second instance level, B was concerned that litigants may not take the trial at the first instance seriously and instead they place more focus on a second appellate trial in the IP Court. However, B emphasised that the first instance court is in the best position to collect facts and evidence, and in the long run, the new IP Court, instead of a specialised division of the District Courts, may encourage litigants to place emphasis on the second instance trial which wastes legal resources in the District Courts.

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[63] Approximately 50 New Taiwan dollars equate to 1 British Pound, so the number is around £4000.

Lawyers C worked in a law firm specialising in IP issues, but he focused more on non-litigation matters and had only had one case in the IP Court. He stated that with regard to questions seven to nine, there had been no change since the implementation of the IP Court. The subject value of his cases averaged around one million NTD and his clients were charged 5-6% of the subject matter value. With regard to questions 16 and 22, C stated that although the efficiency of patent and copyright litigations has improved with the establishment of the IP Court, there is unfortunately only one IP Court in Taiwan which has caused inconvenience for many litigants or lawyers who live or work in Southern Taiwan. Lawyer C predicted that the location of the IP Court would encourage a concentration of IP lawyers in the area as IP lawyers are more likely to move to Taipei, and litigants are more likely to look for IP lawyers in Taipei than in other areas.

Lawyer D worked in a legal department of a large electronic corporation, he opted not to answer questions seven to nine; however, he did suggest that since the implementation, of the IP Court, efficiency and expertise of the patent and copyright cases had improved considerably. Therefore, D observed that corporations are more likely to be willing to pursue litigation options in the future, as the efficiency of the IP Court would help them reduce litigation costs and the credibility of the IP Court has also increased as a result of its specialised expertise.

Lawyer E worked in a leading law firm, but he did not specialise in IP cases. E stated 'no changes' in response to questions seven to nine. With regard to the average subject value of his patent and copyright cases, E stated that on average it was around 10 to 20 million NTD. His clients were charged at 5-10% of the subject value of the case. Regarding the open questions of patent and copyright litigations, E also stated that it is unfair and inconvenient that there is only one IP Court in Taiwan; as a result, litigants need to go to Taipei to proceed their litigations. In addition, E stressed that since the implementation of the IP Court, which places more emphasis on dealing with technical issues, he expected that there would be more lawyers with dual background (both legal and technical) in the IP field. Finally, lawyer E also suggested there should be more specialised courts in order to deal with specific categories of cases in addition to the IP litigations.

Lawyer F was a member of a team specialising in IP law at an international law firm, he had also worked as a patent engineer for ten years. His answers to questions seven to nine differed slightly from those of the previous lawyers; lawyer F stated that

the number of cases and the subject matter values had not changed since the establishment of the IP Court. The subject matter value of his patent cases was about 10 million NTD, and about two million NTD for his copyright cases. Lawyer F stated that his clients were charged at 20-30% of the subject matter value of the case, and the legal cost for his clients had increased with the establishment of the IP Court. To explain this further, in the traditional courts the judges usually suspend the trials and send the patent at issue for external verification, however, the IP judges with the assistance from the technical examination officers are required to make judgements on validity issues and they are not allowed to suspend a trial. Therefore the composition of the litigation (especially patent) has now turned back to the courtroom, and naturally more legal expertise is required from lawyers in order to fight for the litigation, and consequentially more fees are charged.

Regarding the open questions, lawyer F provided a different perspective with special reference to patent litigations. Lawyer F stated that because the IP Court values efficiency so highly, the IP judges tend to summarise the points at issue in order to facilitate the trial. F implied that IP judges may overly summarise these points in an attempt to reach the efficiency goal set by the IP Court, possibly at the cost of the litigants' interests. Lawyer F suggested that the IP judges should disclose their legal opinions more often so litigants and lawyers understand which points are of greatest importance under the circumstances. It is surprising that with a dual background in both law and technology, F suggests that technical examination officers are not necessary. Lawyer F recommended alternative opinions such as inviting witness experts or verification experts into the courtroom to provide further interrogation. Lawyer F also complained that currently the technical examination officers' opinions which are presented to the judges are not disclosed to litigants; he, therefore, concluded that the litigation practices in the IP Court have become more and more uncontrollable from the lawyers' perspective, as the court holds more information without disclosing it to the lawyers. Finally, F also stated that the rulings made by the IP judges are less predictable than those of the judges in the traditional courts.

Lawyer G worked in the same firm as lawyer F and also holds both a technology and law degree. His answers towards questions seven to nine were similar to lawyer F's, the only difference is in regard to the legal cost since the implementation of the IP Court – lawyer G stated there was no difference because the workload has increased but the working time has decreased so, as a whole, it remains the same. Regarding question 16, G stated that he thinks the efficiency of the patent litigations is actually 'too good', and under such circumstances the IP judges are not given enough time to

focus upon the quality of the rulings. Lawyer G stated that to his knowledge it is recommended that the IP judges resolve patent litigation cases within six months while also simultaneously still hearing other IP cases – this could have a negative influence on the accumulation of their expertise on a specific category of cases. Lawyer G also suggested that instead of setting up an IP Court, a patent court may be more appropriate.

With regard to question 30, lawyer G stated that since the IP Court hears cases at the first and second instance level, and as there are only nine IP judges, the same panel of judges have to take turns in hearing cases at the first or second instance level. This structure has been severely criticised by litigants and lawyers as it deprives the litigants of appellate rights. Lawyer G also agreed with the previous comments made by other lawyers regarding the location of the IP Court, recommending the establishment of three specialised divisions in the District Courts, in the Northern, Central and Southern areas of Taiwan. As a conclusion, G stated that the specialised court has very much reduced the time spent on patent litigations but, apart from that, litigants' interests are less protected and as such the lawyers have lost the opportunity to go for appellate trials.

Lawyer H was the director of their team, as well as a Professor at a university. H said the number of cases had not changed and the average value of the subject matters ranged from 10 to 100 million NTD, which had not changed with the implementation of the IP Court. In addition, H specified that the legal costs charged by the firm for a patent or copyright litigation could be as high as 50% of the subject matter value; nonetheless, this depends heavily on the time spent and the complexity of the litigation. In terms of question 16, lawyer H pointed out that the IP Court is expecting to establish a regular adjudication mode for IP litigations, which would render more predictability to litigants regarding the litigation procedures. However, the adjudication code is rather general and IP judges do not always follow this code. Lawyer H also stated, in response to question 22, that technical examination officers are aimed at dealing with patent cases, and in many complicated copyright litigations, witness experts are still necessary, for example, to verify the copying behaviours. Finally, in terms of question 30, lawyer H stated that since the technical examination officers were introduced to the IP Court, their role is still perplexing. The IP Case Adjudication Act stipulates that when a technical examination officers' opinion has impacted on an IP judges' ruling, then their opinions should be made public. However, it is difficult to put the law into practice especially as most of the technical examination officers remain silent when they are present in the courtroom. As a

lawyer specialising in copyright litigations, lawyer H commented, in response to question 38, that the IP Court has focused more upon patent litigations and, unfortunately, copyright litigations have not much improved. Lawyer H concluded that the main difference in the legal practices since the implementation of the IP Court is that IP judges seem very eager to terminate patent litigations quickly, it is believed that this is done with the assistance of the technical examination officers, however no one clearly knows what role the technical examination officers actually play in the courtroom of the IP Court.

Lawyer I worked in a specialised IP team at an international law firm. Lawyer I pointed out that the number of cases and the average value of subject matters were mainly decided by her own expertise therefore they had not changed with the implementation of the IP Court. Lawyer I had patent cases ranging from 10 to 150 million NTD, and copyright cases of one million NTD. Interestingly, lawyer I emphasised that the legal cost of litigations are mainly decided by their duration, and since the IP Court has increased progress in terms of efficiency, the legal cost of a case tried in the IP Court has reduced because the duration of the litigation has reduced. Regarding the open questions, lawyer I stated that the IP Court has in general improved litigation efficiency and judges' expertise. However, lawyer I also stated that a specialised division in the District Courts could have the same effect. Lawyer I also showed concerned that the IP Court could become an enclosed and self-contained legal organisation that lacked competition and external exchanges.

Lawyer J worked in a leading law firm that specialised in IP issues. Lawyer J stated that the number of cases had not changed with the establishment of the IP Court, regardless of them being in the patent or copyright category. The value of subject matter of his IP cases ranged from 200 thousand to more than 200 million NTD – this had not changed either. In terms of the legal cost per litigation, lawyer J pointed out that it depends on the charging mechanism of the law firm: whether it charges clients according to the time spent on the case or a fixed amount of money for a single instance trial. If the former, J took himself as an example, suggesting that the legal cost would be less because IP litigations tried in the new IP Court were now much improved in terms of efficiency. Regarding the open questions, lawyer J named several changes that were made to litigation practices since the implementation of the IP Court. Firstly, the litigation practices have become more efficient but, in his opinion, these cases now often lack delicate legal reasoning. Secondly, since the nine IP judges draw lots and take turns in hearing cases at the first and second instance level, those who hear the case at the second instance level would be reluctant

to overrule the rulings made by their fellow judges, especially when considering that their ruling may be overruled by fellow judges next time if they fail to sustain the ruling at the first instance level. Thirdly, J pointed out that the technical examination officers encountered the same problem as the IP judges given that their numbers and expertise are also limited. Finally, one of the purposes of the IP Court was to unify the legal doctrines with regard to IP cases; thus, this separate court has internal meetings where the nine IP judges discuss the IP legal doctrines, from time to time. Lawyer J observed that the IP Court has placed too much emphasis on the efficiency and consistency of the legal doctrines and has, as a result, created an environment that lacks the dedicated legal discretions and diversified opinions.

Lawyer K worked in a leading law firm that specialised in IP issues; he stated that both the number of patent and copyright cases had not changed with the establishment of the IP Court. However, he stressed that because of the efficiency of the IP Court and because litigants are more willing to file a lawsuit in the IP Court, his own caseloads had not increased. More importantly, lawyer K stated that the legal cost of the litigations had dropped by 50% because the duration of a case tried in the IP Court had been greatly reduced and there was no need to pay for external verification.

Lawyer K's answers to the open questions are similar to those of the previous lawyers with regard to the efficiency of the IP Court. Lawyer K stated that the IP judges always tend to terminate their cases as quickly as possible – this sometimes leaves less time for litigants to debate on their case from all aspects. However, when compared with the traditional courts, K still thought that the IP Court was much better. Lawyer K explained this to be because in the traditional courts, the judges depend on the external verification reports to make their rulings, therefore there is no need for litigants to waste energy debating on the case at issue. Regarding the rulings made by the IP judges, K thought they were better in responding to the fast-changed technological trends, although he also noted that the number of IP judges and technical examination officers is too limited, furthermore they may not have sufficient technical expertise to deal with all sorts of IP litigations. In conclusion, K agreed that the IP Court is better in terms of efficiency and quality in dealing with IP litigations when compared to the traditional general courts. However, K also noted similar issues to the other lawyers concerning an over-emphasis on efficiency, and the limited number of IP judges and technical examination officers.

Lawyer L worked for an international law firm famous for handling IP litigations. Interestingly, L was the only lawyer which stated that her caseload had decreased

since the implementation of the IP Court. Lawyer L explained the reason for this being that the IP Court is a specialised court with specialised judges, as a result the litigants need to be more prepared to go to this court, as do the lawyers; therefore, the caseload is diminishing because the litigants think twice before they go to a more specialised court. In response to the value of subject matters of her cases, lawyer L stated that her patent cases ranged from 10 to 100 million NTD. It is noted that lawyer L's copyright cases mostly started from respective criminal claims against individual infringers rather than being attached with a respective civil claim that averaged no more than 500 thousand NTD. As a whole the value of copyright lawsuits may more than 100 million NTD, depending on the number of infringers. In addition, lawyer L confirmed that in her case, the legal costs for her clients had increased as the lawyers need to spend more time and energy debating technical issues in the IP Court. However, L stressed that while the legal costs of patent cases had increased, the legal costs of copyright cases had not because technical issues are not usually debated irrespective of whether they are tried in the traditional courts or the IP Court. From this point of view, L suggested that the IP Court should focus on patent litigations rather than hearing all types of IP cases.

With regard to the open questions, lawyer L stated that in the traditional courts, the judges are dependent on the external verification of arguments of technological concern in the courtroom. With the establishment of the IP Court, things have changed greatly because the IP judges deal with the technical issues with the assistance of the technical examination officers. Speaking of IP judges, lawyer L concluded that the IP judges are more open-minded to novel technologies and friendlier to litigants compared to judges in the traditional courts – this is indeed a giant step forward. Nonetheless, she observed that as the IP judges do possess 'specialised pride', to some extent it is too early to draw a conclusion on whether these IP judges, working in the independent IP Court, will become conservative and self-contained as time goes by. Furthermore, she expected that 'specialisation pride' could be transformed into efforts by IP judges to improve the quality of rulings. Lastly, lawyer L also observed that while the specialisation level of the court increases, the lawyers who dare to challenge specific IP cases will become rarer and rarer. In short, the specialised court will develop a threshold of expertise to prevent the lawyers who are not well-skilled from entering into the market.

Lawyer M worked in an international law firm as the director of a team specialising in IP cases. He stated that the number of caseloads and the average value of subject matters had not changed since the IP Court was established. Yet, with regard to the

legal costs of patent litigations, he agreed with lawyer L that the costs are increasing because now the validity issue of patents are argued in the IP Court while previously they would be pending until the results of external verifications were presented. For lawyers their workloads have increased since they need to prepare to argue for or against a patent's validity, therefore the legal cost of a patent case have increasing at a rate of 30-100%.

In response to the open questions, lawyer M stated that, in general, the IP Court has performed better than the traditional courts on accounts of efficiency and quality. However, he pointed out two main features of the IP Court that have revolutionised the traditional litigation practices; however, their impact is considered in a negative manner. Firstly, the introduction of technical examination officers has helped the IP judges deal with technical issues in the court without waiting for the results of external verification, hence the efficiency of patent litigations has improved. However, the role of the technical examination officers is not clear and their opinions or reports are not made public and, as a result, the transparency of the judges' legal reasoning or legal opinions has decreased. Secondly, the specialised jurisdiction that allows IP judges to hear IP litigations, both at the first and second instance levels, has deprived litigants of their legal rights to seek for a second appellate trial. Lawyer M also noted that the location of the IP Court would, in all likelihood, force IP specialised legal professionals to aggregate in Taipei, although this may already have been the case before the IP Court was implemented. Finally, M noted that the expertise of specialised IP lawyers would be forced to increase too, as they cannot simply wait for the decisions made by external verifications; furthermore, they need to be prepared to debate on the case even with regard to technical issues.

Lawyer N worked for a law firm specialising in IP cases, his number of cases had not changed with the establishment of the IP Court, but the legal costs of his patent cases had increased because, as the IP judges now explore more of the technical issues on their own, lawyer N needs more preparation time to respond to battles in the courtroom. With regard to the copyright cases, lawyer N said there had been no changes. In terms of the open questions, lawyer N stated that as a whole he approved of the performance of the IP Court as it has progressed efficiency and quality when compared to the traditional courts. But N also pointed out that there was a lack of transparency and predictability because the technical exanimation officers' opinions and their reports are not made public; however, N concluded that the specialised judges actually encourage the specialised lawyers to raise their own expertise in response to a more competitive courtroom – ultimately, this is positive.

6.2.3 Summary: Strengthening Specialised Legal Expertise and Accentuating the Importance of Technical Expertise

	Non-IP Lawyers	IP Specialised Lawyers
Is it beneficial to have the specialised IP Court?	Have vague impressions that the implementation of the IP Court has greatly improved the efficiency on both patent and copyright litigations but have no further comments.	Yes the IP Court has progressed in terms of efficiency and quality compared to the traditional courts. But, the transparency of the trials and predictability of the rulings need to be improved.
The role of the lawyers after the implementation of the IP Court?	Although the legal practice and the role of non-IP lawyers were not altered with the implementation of the IP Court, they are concerned about the justification of setting up a specialised court to deal with a specific category of cases, and also they questioned whether better alternatives were overlooked because of the symbolic meaning carried by the IP Court.	Most of them expressed that their number of caseloads, the value of subject matter and the legal costs they charge from their clients had not been significantly affected by the establishment of the IP Court. But, in general they are encouraged to equip themselves with more technical expertise in order to sharpen their specialised edge.

Table 6.2: The Various Perspectives on the Role of the Lawyers after the Implementation of the IP Court

According to the responses retrieved from interviews with the non-IP lawyers and the IP lawyers, even prior to the implementation of a specialised court, it had already been the practice for lawyers to select a specialised area; the establishment of the IP Court therefore triggered a further specialisation effect on the lawyers in terms of geographic location and legal expertise. Certainly these effects are combined with the legal resources in the specialised court by the government. In other words, the suggestion is that the government is encouraging a specialisation trend in the private legal sector of IP litigations by distributing more public legal resources.

If we recall the replies from the non-IP lawyers, most of them were not affected by the implementation of the IP Court; however, two non-IP lawyers questioned the justification of setting up a specialised IP Court in terms of whether there were better alternatives that were simply being ignored. On the other hand, according to responses from the IP lawyers, while most of them expressed no change in terms of their number of caseloads, the value of subject matter and the legal costs they charged since the establishment of the IP Court, a few of them offered different opinions. While there was one IP lawyer who suggested that the legal cost had diminished because he charged for the time spent in the courtroom and the duration of a patent litigation had drastically reduced, there were other IP lawyers (L, M and N) who specified that the intensity of the courtroom activities had increased and the lawyers would therefore need to spend more time and energy in responding to these activities. Several IP lawyers noticed that a unique IP Court may cause inconvenience for litigants who live in other areas of Taiwan, yet all of the IP lawyers are based in Taipei, not far from where the IP Court is located.

Conceivably, litigants who would like to file an IP lawsuit in the future would tend to find IP lawyers in Taipei and go to the IP Court for a more efficient legal solution. As mentioned by IP lawyer L, while the IP judges make decisions on technical issues with the assistance of the technical examination officers, the complexity and intensity of legal practices in the courtroom have increased, as have the legal costs charged against the clients. Thus, litigants with less money are less likely to be able to afford a highly specialised IP lawyer and would therefore have less chance of winning the case.

The re-distribution of legal resources, on a national level, as shown in the establishment of the IP Court has resulted in a higher requirement of both legal and technical expertise in dealing with the legal practices of IP litigations. Consequentially, the specialisation trend in the market of lawyers has increased. As suggested earlier in this section, all of the IP lawyers are already based in Taipei and they chose to specialise in IP litigations long before the establishment of the IP Court; nevertheless, it is still worthy of attention that the IP Court has not only sustained the phenomenon, it has further supported it.

As society becomes more and more complex, the specialisation of lawyers becomes an obvious progression (Fromson and Miller, 1975, p.550). However, even the specialisation of the legal profession illustrates the clear trend being pushed forward by society. It should be noted that specialisation in the legal profession does not

warrant an official detailed certification system, like in other professions, such as the medical profession. The idea of a 'certified specialised lawyer' was argued as a means to help lawyers deliver competitive and efficient legal services (R.M.R, 1975, p.434); however, a regulated formation of specialisation has never dominated in the legal profession. In the case of Taiwan, legal graduates take exams on 13 main legal subjects in order to be admitted to the bar, in other words, they have to be legal generalists to become certified lawyers; but, after being admitted, they then need to develop their own specialised legal area so as to become equipped to compete with other lawyers in the legal service market. The specialisation trend of the legal profession in Taiwan has been shaped by forces from society and through market demands, yet the implementation of the Taiwan IP Court has brought the following two distinctive changes. Firstly, although IP litigation was a specialised legal area before the establishment of the IP Court, the specialisation trend in this field has been further enhanced since the establishment of this operation. Secondly, strong technical expertise is emphasised in the practices the new IP Court. Lawyers are encouraged to equip themselves with technical knowledge and the incorporation of another area of expertise has become a new feature in legal specialisation. In other words, the Taiwan IP Court is an official institution which speeds up and promotes the interdisciplinary feature of legal specialisation upon IP litigations.

6.3 The Interaction between the Technical Examination Officers and the IP Judges

6.3.1 The Technical Examination Officers

The appointment of the technical examination officers is certainly one of the more distinguishing features of the IP Court. It is assumed that the IP judges will accumulate expertise and experiences about the matter of law, while being assisted from the technical examination officers regarding the matter of facts.

As mentioned in the previous chapters, patent litigations and copyright litigations have different characteristics. In a patent litigation, the validity and the infringement usually involve technological judgements, which results in the technical examination officers playing a more important role in these cases. This is not only a theoretical

assumption, it is also supported by the empirical data provided by the IP Court[64]. In addition, in some cases, copyright litigations actually require assistance from the technical examination officers. Thus far, the biggest challenge faced by copyright litigation is not in the judgements on technology as a matter of fact, but it concerns the judgements on how to apply novel technology within the existing legal framework in order to understand how to enforce them as a matter of law and legal practice. Therefore, the Copyright Act has progressed through constant reforms. Litigation plays a supplementary role to the legal reforms, especially while there are still criminal penalties against copyright infringements; litigants take advantage of the criminal claims in a bid to put pressure on the civil claims.

It is clear that the interaction between the IP judges and the technical examination officers is more significant in patent litigations, or in litigations involving technological matters. To resolve these matters without an external verification process is one of the main purposes of the IP Court. As mentioned earlier, patent litigations are the main target of the IP Court; whereas, copyright litigations are put under the same IP umbrella to achieve an aggregated symbolic meaning. In other words, the assistance of technical examination officers to resolve technical matters efficiently is at the heart of many specialised patent courts and also the central concern of the Taiwan IP Court. As a consequence of the accounts presented above, it is very important to explore the interaction between the IP judges and the technical examination officers. It is important to question how the technical examination officers assist the IP judges, and to what extent the IP judges rely on their knowledge and reports.

In current legal practices in the Taiwan IP Court, technical examination officers can be present in the courtroom under the request of the IP judges and they are allowed to raise questions, regarding technical issues, to litigants when they deem it necessary. More importantly, technical examination officers make technical examination reports under the request of the IP judge; however, currently these technical reports are only for the reference of the IP judge and the litigants cannot access them.

It is a fundamental legal principle, within civil procedural law, that litigants are entitled to know how a judge has reached their conclusion. In other words, the judge is required to present their internal reasoning process in order to prevent an ambush ruling. However, the technical examination reports are held by the IP judges, and the exact interaction between the IP judges and technical examination officers is still

[64] See the discussions in chapters four and five of this thesis.

too much in its infancy to draw any firm conclusions about these interactions. Therefore, in this section of the chapter, the empirical responses from lawyers, judges and staff of the TIPO will be analysed in an attempt to further depict the outline of the field of operation of the technical examination officers in the IP Court.

6.3.2 The View of the Administrative Officials

Director Wang[65] of the TIPO stated that, currently, some IP judges allow the technical examination officers to express their reasoning and arguments to the litigants in the courtroom, therefore the opinions of the technical examination officers are known even though access has not been granted to the technical examination report[66]. However, some IP judges prefer not to allow this because they do not want the litigants to draw any presumptions upon the coming ruling based on the technical examination officers' opinions. Wang mentioned that in the legal practice of the IP courts in Japan and Korea, access to technical examination reports are also denied, but the officers are allowed to question litigants in the courtroom; therefore it is highly likely that the litigants would clearly understand the technical issues that are in the examination officers' minds in terms of their judgements on the issues in the case. Wang concludes that if the reports are kept solely for the IP judges' reference, then the litigants should be given full access to the judges' reasoning, as well as opportunities to debate this thoroughly.

The head of the legal affairs department of TIPO, Shih[67], stated that as long as the IP judges disclose their grounds for judgements, in pursuance of Article 8 of the IP Case Adjudication Act, the disclosure of technical examination reports or technical examination officers' opinions should not be an issue.

The section chief of the TIPO, Lin[68], stated that many of the lawyers are worried that the current technical examination officers are all 'borrowed' from the TIPO; therefore, while the TIPO tends to form one party in IP litigations, these technical examination officers might draw conclusions based on their previous working experiences and therefore might have a negative impact towards the IP judges.[69] However, Lin spoke

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[65] Director Wang, Mei-hua. Available at: p.5-6 of No.1 conference text file.

[66] Available at: p.24 of No.1 conference text file.

[67] Shih, Po-ren.

[68] Section Chief of TIPO, Lin His-yen.

[69] Available at: p.22-23 of No.3 conference text file.

from his personal working experiences in the TIPO after observing rulings made by the IP judges. Lin thought that the IP judges must have modified the technical examination reports to a great extent, because the quality of the rulings were so high that they were beyond the abilities of the technical experts. Therefore, Lin assumed that the IP judges considered the technical examination officers' opinions, yet they have less of an influence upon the judges' rulings. In particular, Lin stressed that based on his personal and his colleagues' experiences in the IP Court, IP judges do not necessarily adopt the technical examination officers' opinions, which are there for the reference of the IP judge regarding technical matters only. Therefore, it is not necessary to disclose the technical examination reports because both parties could waste time arguing points that are not to be adopted by the IP judge as a ground of judgement.

6.3.3 The View of the Scholars

Professor Shen[70] emphasised in accordance with Article 8 of the Intellectual Property Case Adjudication Act[71]:

> 'Before any special professional knowledge already known to the court is adopted as a ground for judgement, parties shall be accorded an opportunity to present their arguments regarding such knowledge. The presiding judge or commissioned judge shall direct the parties to issues concerning the legal relations of the disputed matters, and shall, whenever appropriate, provide his legal opinions and disclose conviction'.

It is clearly stipulated that when an IP judge adopts the technical examination officers' opinions as grounds for their judgement, it is compulsory for the judges to give opportunities for both parties to debate on the knowledge surrounding this judgement. In short, Shen suggests that IP judges are not compelled to disclose the whole reports, yet they should disclose any knowledge that constitutes the grounds for their judgements[72].

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[70] Professor Shen, Guan-ling, associate Professor of College of Law in National Taiwan University.

[71] Available at:
http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28&limit=1&limitstart=1.

[72] Available at: p.25 of No.1 conference text file.

Professor Tsai[73], the head of the College of Law at the National Taiwan University, stated that taking the German Patent Court as an example, here the technical judges outnumber the legal judges and therefore the opinions provided by the technical judges obviously contain important methods for constructing legal opinions and grounds for convictions. As a result, it is essential to protect the litigants' rights to access such knowledge[74]. Tsai explained that the core issue of this debate centres on the role of the technical examination officers. To illustrate, the role that technical examination officers play in the litigation procedure and the power that they are authorised with determines their status in the court – if technical examination officers played the role of a technical judges, then their opinions should definitely be disclosed to the litigants.

Professor Shieh[75] also focused on Article 8 of the Intellectual Property Case Adjudication Act[76] and emphasised that the knowledge obtained by the IP judges from the technical examination officers is synonymous to the 'special professional knowledge known to the court'. Therefore, based on a proper interpretation of the Article, technical examination officers' opinions should be disclosed to both parties and IP judges should allow both parties the opportunity to debate on them[77]. Shieh concluded that this ensures the litigants and lawyers debate the matters which form the grounds for the judgement; ultimately, this would greatly help to build the credibility of the IP Court. Nevertheless, Section 2 of Article 16 of the Intellectual Property Case Adjudication Rule states:

> 'The presiding judge or a commissioned judge may order a technical examination officer to prepare a written report on the results of his performance of duties and, where the case is of a complex nature, to separately prepare an interim report and a final report in writing if necessary. Such reports as compiled by a technical examination officer will not be made public'[78].

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[73] Professor Tsai, Ming-cheng. Available at: p.4-5 of No.1 conference text file.

[74] Available at: p.31 of No.1 conference text file.

[75] Professor Shieh, Ming-yang, Professor of the College of Law of National Taiwan University.

[76] Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28&limit=1&limitstart=1.

[77] Available at: p.30 of No.2 conference text file.

[78] Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=63&Itemid=28.

This Article, according to Professor Shieh, contradicts the principles set by Article 8 in the IP Case Adjudication Act. It should be noted that this Act is higher than the IP Case Adjudication Rule in terms of legal ranking.

Professor Chiang[79] pointed out that the precondition for disclosure is the status of the technical examination officers[80]. According to the IP Adjudication Act, they are not deemed to be expert witnesses, verification experts, or experts who take part in the trial. Therefore their opinions or reports are only for the reference of the IP judges. Under such conditions, there is no need to oblige the IP Court to disclose this information. What is more important are the grounds of the IP judges' rulings and IP judges should disclose any knowledge, including the opinions from the technical examination officers, if they are adopting such knowledge as grounds for their judgements.

Professor Hsu[81] agreed that the IP judges are under no obligation to disclose the technical examination officers' reports. In support of this, Hsu quoted Article 13 of the Intellectual Property Case Adjudication Rules:

> 'Upon designation to assist in a trial, a technical examination officer shall peruse the exhibits and information on file and perform his duties in the following manner:
>
> 1. With respect to the litigation pleadings and materials, analyse and sort the arguments based on his expertise in order to clarify the issues, and furnish reference materials pertaining to his specialty;
> 2. State his comments on the arrangement of the disputed issues and exhibits and on the scope, order and method of investigation of evidence to the judge for reference;
> 3. Appear on the date for a court session and, with the permission of the presiding judge or a commissioned judge authorised to investigate evidence, may question a party, litigious agent, witness or expert witness as necessary, and expound the technical terminology appearing in the testimony of a party, litigious agent, witness or expert witness that is not easily comprehensible;

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[79] Professor Chiang, Shih-ming, Professor of Cheng Chi University.

[80] Available at: p.31 of No.2 conference text file.

[81] Professor Hsu, Chung-shen, Professor of the Law Department of Cheng Kung University.

4. Before or after inspection, state the relevant guidelines to the court, and assist the judge in ascertaining the party's explanation and in the treatment and operation of the object under inspection;
5. Assist with the compilation of schedules and illustrations attaching to the judgement; and,
6. With the permission of the presiding judge, attend as an observer and state his technical views relevant to the case in the deliberation process; the presiding judge may order the technical examination officer to present the views he contemplates in writing in advance.'

Professor Hsu suggested that in accordance with Article 13, 'technical examination officer' is not a proper title and they would be better addressed as 'professional technical staff'[82]. Since their reports and opinions are made for the reference of the IP judges, there are no theoretical grounds or practical foundations to request an obliged disclosure.

Professor Cheng[83] stated that from the perspective of information disclosure and the trial procedure, technical examination reports should be made public. Cheng commented that the TIPO took a conservative approach on whether to let technical examination officers sign their reports and whether to make the reports public – TIPO appears to be afraid of taking the responsibility. It is due to the training, abilities and the roles of the technical examination officers that make the TIPO worry about taking responsibility[84].

Professor Cheng stated that he was against the introduction of technical examination officers from the very beginning. Cheng explained that the reason to enable this feature in the IP Court is due to limited professional knowledge of the IP judges with regard to technical matters. Nevertheless, these technical examination officers, 'borrowed' from the TIPO, may not be even really perceived as technical experts[85]. Taking invention patents as an example, the novelty is determined by comparing the patent at issue with other current technologies, one does not need to be expert in this specific technical area to make a conclusion. Taking 'skill in art' as another example, this should be examined according to the standard determined by the R&D

[82] Available at: p.31 of No.2 conference text file.

[83] Professor Cheng, Chung-ren, Professor of Shih-Sin University.

[84] Available at: p.26 of No.3 conference text file.

[85] Available at: p.26 of No.3 conference text file.

staff of this industry, in this case technical examination officers might not be qualified to examine it.

Professor Cheng further emphasised that since the technical examination officers came from TIPO with experience of dealing with patent applications, they are especially good at deciphering the 'claims' of patents. Analysing the patent claims is the main strength of the technical examination officers when compared to the IP judges. Yet, in the current practice, the technical examination officers widely take part in the trials and they are heavily depended on, even with regard to some matters that actually require verifications from technical experts. In conclusion, Cheng stressed that the role of the technical examination officers should be limited in patent cases and it should be confined within the examination of patent claims. Also, there is no reason why the technical examination reports should not be made public after the discussion by the judge is made regarding the verdict.

6.3.4 The View of the Lawyers

The Chairman of the Asian Patent Attorneys Association (APAA), Taiwan Group, Lin[86], noted that the decision of whether to grant litigants access to the technical examination reports is dependent on whether the IP judges rely on the reports to make their rulings[87]. It is assumed that the IP judges of invention patent cases are more dependent on the technical examination officers because of the high level of technical matters involved. Lin concluded that if the technical examination reports impact on the IP judges' rulings, access to these reports should be granted to litigants in order to prevent ambush verdicts.

Lawyer Tsai[88] stated that this issue became a concern for two reasons[89]. Firstly, IP judges have not been able to convince litigants that they disclose any knowledge that helps them construct their legal opinions and rulings. Secondly, many still put a question mark on the IP judges' expertise. According to the judges' reports, after the technical examination officers present their findings, the IP judge holds a meeting to determine whether to adopt the technical examination officers' opinions. It is

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[86] Lin, Chiou-chin.

[87] Available at: p.23 of No.1 conference text file.

[88] Lawyer Tsai, Ruei-sen, lawyer of Lee and Li Attorneys at Law, see more information about this company at: http://www.leeandli.com/web/e/default.htm.

[89] Available at: p.29 of No.1 Conference text file.

evident that the IP judges do not simply count on the technical examination officers' opinions to make their rulings. Therefore, Tsai suggested that it is important for the Judicial Yuan or the IP Court to explain the interaction, to the public, between the IP judges and the technical examination officers in order to clarify any doubts.

Chief Manager Yeh, of the Chinese Gamer Corporation[90], suggested that it is conceivable that when an IP judge requires assistance from a technical examination officer, there is likely to be some difficulty in making a judgement in the absence of some kind of professional knowledge. Therefore, it would be reasonable to disclose such information to the litigants. However, Yeh agreed that it is not the reports themselves that matter; instead, it is more how the IP judges apply and make use of the opinions provided by the technical examination officers on these matters[91].

Lawyer Chiang[92] stated that the original purpose, taken from the IP Adjudication Act, for technical examination officers was for them to act as assistants to the IP judges, and under these circumstances, it is certainly not necessary for the communications between the assistants and IP judges to be disclosed[93]. Nevertheless, in practice, things are not as straightforward as the law presented in the Act. Chiang emphasised that speaking from the practical experiences of lawyers, the technical examination officers' opinions have a great influence upon the IP judges' rulings. Litigants are often 'ambushed' by the final verdicts and they are never given a chance to debate on the opinions provided by the technical examination officers. More importantly, lawyer Chiang observed that in a few cases, the IP judges rely on technical examination officers to such an extent that they are not interested in the arguments or opinions stated by the litigants or the expert witnesses[94]. In these cases, the IP judges rely on the technical examination officers too much and furthermore, this directly impacts on reducing the credibility of the IP Court. In addition, the technical examination officers usually deal with highly technical matters, many of which are difficult for IP judges or IP lawyers to understand. Chiang recommended that expert witnesses establish a mechanism in which they are allowed to discuss

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[90] Yeh, Chi-hsin, chief manager of Chinese Gamer International Corporation, a company that specialises in selling online computer games, see more information about this company at: http://www.chinesegamer.net/index_en.htm.

[91] Available at: p.32 of No.1 conference text file.

[92] Lawyer Chiang, Ta-chung, lawyer of Lee and Li Attorneys at Law firm.

[93] Available at: p.26 of No.2 conference text file.

[94] Available at: p.27 of No.2 conference text file.

matters with the technical examination officers. Chiang further argued that the technical examination officers' opinions should be fully disclosed to the litigants.

Lawyer Yu[95] noted that the technical examination officers were intended to deal with technical matters, which is certainly very important in an IP litigation that involves highly technical issues. Therefore Yu agreed with lawyer Chiang that technical examination officers' opinions should be disclosed. In addition to the technical matters, there are matters of law that also need addressing. To illustrate, Yu mentioned that patent rulings made by the Taiwan judicial sector have been inconsistent with the legal rulings made by foreign courts[96].

Lawyer Fan[97]stated that the interaction between the IP judges and the technical experts has been a major concern from the lawyers' points of view. Although many IP judges stressed, in public conferences, that they don't necessarily adopt the technical examination officers' opinions and indeed they sometimes disagree with the latter[98]. Nonetheless, the central point of this issue is that litigants and lawyers do not fully understand the exact impact of the technical examination officers' opinions upon the IP judges. In addition, technical examination officers are usually silent in the court and this makes it more difficult for litigants to predict the technical examination officers' opinions. Litigants would benefit if the technical examination officers, in the case, were willing to express their opinions as this provides litigants with a direction in which to prepare their subsequent debates. Lawyer Fan also stressed that in the practice of the court, it is obvious that IP judges make judgements on certain issues based on technical examination officers' opinions, and in these cases, the credibility of the IP Court could be sabotaged if their opinions are not disclosed[99].

Lawyer Shih[100] agreed that there were benefits to having technical examination officers in the current legal practices[101]. But, he stated that this issue should not only be considered from a theoretical perspective as Judge Liu and Professor Cheng did, it should also be considered from a practical perspective as well. Speaking from Shih's practical experiences in the IP Court, Shih concluded that the technical

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[95] Lawyer Yu, Yi-chun.

[96] Available at: p.27 of No.2 conference text file.

[97] Lawyer Fan, Shiao-ling.

[98] Available at: p.28 of No.2 conference text file.

[99] Available at: p.29 of No.2 conference text file.

[100] Lawyer Shih, Li-cheng, Senior Chief of Public and Legal Affairs of Taiwan Microsoft Co.

[101] Available at: p.31 of No.3 conference text file.

examination officers' opinions greatly impact on IP judges' rulings. While the technical examination reports are not made public, this would support the perception that the IP judges make decisions in accordance with the technical examination officers' opinions[102].

Lawyer Shih also commented that, in practice, the IP judges don't usually disclose their legal reasoning or opinions to litigants, given that the time spent on each IP trial is much less than before and many lawyers often feel 'ambushed' by the final verdicts. The IP Court is so efficient that sometimes litigants or lawyers are given the final ruling before they fully understand which point is more valued in the IP judges' mind. Therefore, Shih strongly recommended the disclosure of technical examination reports for the protection of litigants, as well as for a more transparent procedure.

Patent attorney Peng[103] spoke about his field experiences in the IP Court. On reading the verdicts made by the IP judges, he oftentimes felt that some conclusions were made without proper links to the supporting arguments; therefore, Peng would be suspicious as to whether the ruling was made based on the unpublicised technical examination reports. Peng suggested that if IP judges could disclose their legal opinions and convictions appropriately, it would greatly help to clarify these doubts. In addition, Peng also agreed with Professor Cheng regarding the role of the technical examination officers. Peng stated that technical examination officers have various technical backgrounds and it is therefore not possible for them to understand all of the technical matters in all IP litigations. The most important source of obtaining information on technical issues is from the litigants themselves. The role of the technical examination officers should not be overstated and it may be best to downplay this role in the litigation procedures[104].

6.3.5 The View of the Judges in Traditional Courts

The Deputy Director of the Judicial Administrative Hall of the Judicial Yuan, Huang[105], offered examples of Japan's and Korea's IP courts for reference. Huang stated that Section 4 of Article 4 of the Korean Technical Examination Rule states that

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[102] Available at: p.32 of No.3 conference text file.

[103] Patent attorney Peng, Guo-hsiang, patent attorney of Tsai, Lee and Chen Patent Attorneys and Attorneys at Law, available at: http://www.tsailee.com/index_eng.asp.

[104] Available at: p.38 of No.3 conference text file.

[105] Huang, Lin-lun.

any documentary reports or oral opinions made by technical examination officers to the court are not allowed to be publicised. In Japan, investigation officers play the same role as the technical examination officers, although there are no written laws that state clearly any publication of such knowledge is prohibited, in practice after many years of discussion, its practice remains the same as in Korea[106]. Therefore Huang agreed with Professor Shen that the main point is that judges should be obliged to disclose any knowledge that might constitute to their legal opinions and convictions by allowing litigants to debate on them thoroughly. Huang emphasised, in accordance with Article 8 of the IP Adjudication Act, that there is no obligation for technical examination officers to disclose their opinions[107]. To be more precise, the technical examination officers should not have 'opinions'; they are merely in the courtroom to provide their professional 'knowledge' in order to assist the judge to construct their 'opinions'. Therefore if the technical examination officers present their opinions in the courtroom to litigants, it means they cross the line and are acting as a judge. In the second round of speeches, Huang even suggested that the assistance from technical examination officers to the IP judges is not deemed as evidence in the procedure, conversely it should be deemed in this way. To illustrate, IP judges may obtain technical knowledge regarding the case in the trial from professional textbooks[108], however it is not necessary for the IP judge to disclose any information obtained from these textbooks.

Judge Wu[109] of the Civil Hall of the Judicial Yuan disagreed with Huang, suggesting that assistance from the technical examination officers is similar to knowledge that the IP judges may obtain from textbooks. IP judges should disclose this information to both parties and allow full and thorough discussion on such knowledge[110].

Chief Judge Liu[111], of the Supreme Administrative Court, drew comparisons between the organisational regulations of the traditional courts and the IP Court[112]. Firstly, Liu compared the role of the technical examination officer and that of the presiding

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[106] Available at: p.26 of No.1 conference text file.

[107] Available at: p.27 of No.1 conference text file.

[108] Available at: p.33-34 of No.1 conference text file.

[109] Judge Wu, Guang-zhao, Judge of the Civil Hall of Taiwan Judicial Yuan.

[110] Available at: p.34 of No.1 conference text file.

[111] Chief Judge of the Supreme Administrative Court, Liu, Shin-chen.

[112] Available at: p.24 of No.3 conference text file.

judge by comparing the relevant regulations. He quoted Article 4 of the Intellectual Property Case Adjudication Act[113] which states:

> 'The court may, whenever necessary, request a technical examination officer to perform the following duties:
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> 1. Ask or explain to the parties factual and legal questions based on the professional knowledge, in order to clarify the disputes in action;
> 2. Ask questions directly to witnesses or verification experts;
> 3. State opinions on the case to the judge; and,
> 4. Assist in evidence-taking in the event of preservation of the evidence assistant'.

In addition Liu also quoted Section 4 of Article 125 of the Administrative Procedure Act which states that: 'After the presiding judge is acknowledged, assistant presiding judges may raise questions or make statements to litigants'[114]. Liu followed this by quoting Article 5 of the Intellectual Property Case Adjudication Act:

> 'Challenge of a technical examination officer shall be governed mutatis mutandis by the rules of challenge of a judge as provided in the Code of Civil Procedure, Code of Criminal Procedure and Code of Administrative Litigation Procedure, as the case may be, depending on the nature of the action involved'.[115]

From these Articles, Liu questioned the role of the technical examination officers as this role seems to be blurred – they are treated as a judge in many aspects. Liu also quoted Article 16 of the Intellectual Property Case Adjudication Rule:

> 'The presiding judge or a commissioned judge may order a technical examination officer to prepare a written report on the results of his performance of duties and, where the case is of a complex nature, to separately prepare an interim report and a final report in writing

[113] Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28.

[114] Available at: http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=a0030154.

[115] Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28.

> if necessary. Such reports as compiled by a technical examination officer will not be made public'.[116]

Furthermore, Article 103 of the Court Organisation Act states: 'Discussions among Judges who hear the case regarding the verdict shall not be disclosed before the verdict is finalised'.[117] This again raises doubts towards the role of the technical examination officers.

Although Liu agrees that a central point links the technical examination officers' opinions and IP judges' judgements, he questioned whether the technical examination officers enable the IP judges to access more technical and professional knowledge. Liu concluded that since the technical examination officers seemed to be given equal status as assistant presiding judges, and it is not certain whether their opinions would have an impact on the IP judges' rulings, their reports or opinions should be made public so as to protect litigants' interests. Liu also stressed that regardless of whether this feature was transplanted from Japan, it would not be necessary to adopt all of the practices from Japan.

Chief Division Judge Liu[118] of the Supreme Court, spoke of this issue[119], he mentioned that in 1991 he visited Japan and had a chance to explore Japan's IP legal system. At that time the Japanese were also worried that their technical examination officers who had been transferred from the administrative sector might favour the administrative sector in a trial, yet based on their observations, this did not occur. This is further proven, as IP Judge Lee stressed, by the fact that IP judges would not completely follow the technical examination officers' opinions in order to make their judgements. According to the current laws, technical examination officers are only staff members of the IP Court, their opinions or reports are for the IP judges' reference. Obviously, they are not verification experts therefore their reports or opinions are not deemed as evidence and it is only possible to make them public under Article 8 of the IP Case Adjudication Act, as mentioned previously, which treats their opinions or reports to the IP judges as 'special professional knowledge

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[116] Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=63&Itemid=28.

[117] Available at: http://law.moj.gov.tw/LawClass/LawAll.aspx?PCode=A0010053.

[118] Chief Division Judge Liu, Fu-lai, Chief Division Judge of Civil Division of the Supreme Court.

[119] Available at: p.30-31 of No.3 conference text file.

known to the court' which provides a chance for both parties to debate the issues. This is certainly the wish of lawyers.

However, Liu noted that with regard to the question concerning disclosing the judges' legal reasoning and legal opinions whenever appropriate, although it is highly recommended by scholars, he personally agreed that despite it being feasible to some extent, overall, Liu did not think it was fully feasible or appropriate for judges. Returning to the main issue, Liu concluded that the technical examination reports should be made public based on an assessment to determine the status of the technical examination officers and also the principle of the judges' disclosure on their legal opinions and legal reasoning.

Chief prosecutor Chang[120] offered another perspective[121]. Chang pointed out that if the technical examination officers only provide opinions for the IP judges' reference, then the technical examination reports are only supplementary materials for consideration in the judges' final decision and it is therefore not necessary to make them public. Nevertheless, according to Article 8 of the IP Case Adjudication Act[122], and Article 4 and 5 of the IP Organisation Act[123], technical examination officers are allowed to raise questions to litigants, verification experts, witnesses, as well as to make statements to the judges; therefore, the records regarding the technical examination officers' activities in the courtroom should surely be made public. Chang also stated that even when there are multiple technical examination reports in a case, this is not a valid reason for preventing the litigants or lawyers from accessing the reports.

Chief Division Judge Shiu[124] agreed with Chief Prosecutor Chang that the technical examination reports should be made public[125]. Shiu responded to IP Judge Lee's concern that the disclosure of many interim reports may lead to time wasting, saying

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120 Chief Prosecutor Chang, Ching-yun, Chief Prosecutor of IP Division of Taiwan High Court Prosecution Bureau.

121 Available at: p.32-33 of No.3 conference text file.

122 Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=15&Itemid=28&limit=1&limitstart=1.

123 Available at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=14&Itemid=28.

124 Chief Judge Shiu, Ruei-huang, Chief Division Judge of Taipei Administrative High Court.

125 Available at: p.34 of No.3 conference text file.

that the technical examination reports are prevented from being made public, litigants may therefore not be given a chance to fully debate on the grounds which sustain the ruling; therefore litigants may appeal in the higher court. If the reports are to be made public and litigants can fully debate them on any grounds that were adopted in the ruling, they will not waste time in arguing their case in the higher court or in other processes. In conclusion, Shiu emphasised that making technical examination reports public may delay the litigation procedure in a single trial, but as a whole it is likely to make the litigation system more efficient.

Deputy Director Huang of the Judicial Administrative Hall of the Judicial Yuan[126] maintained his standpoint in the third conference[127]. Huang stated that although the technical examination officers are new to Taiwan, they have been in practice for more than ten years in Japan. Comparatively, this new feature was transplanted from the Japanese system and the Japanese do not make their technical examination reports public either. This doesn't seem to have caused a problem in the legal practices in Japan, so there is no reason for Taiwan to make the first exception.

In addition, Huang pointed out that merely making technical examination reports public may not be very useful, because the technical examination officers have various methods for assisting the IP judges. Technical examination officers may state their opinions to the IP judge orally or by other means. Briefly speaking, the technical examination officers are simply carrying out their duties under the instructions of the IP judges. Huang emphasised that they are simply assistants of the IP judges; therefore, there are no reasons to oblige the assistants to disclose their opinions.

In conclusion, Huang stated that the central point of this issue still lies in Article 8 of IP Case Adjudication Act. Although, to ask the judges to provide their legal opinions and disclose their convictions in the trial is already considered a legal principle in civil procedure law by scholars, this principle is not stipulated in the Code of Civil Procedure in Taiwan. Section 2 of Article 8 of the IP Case Adjudication Act states that IP judges: 'shall, whenever appropriate, provide his legal opinions and disclose conviction'. Some argue that this Article is not feasible because there are no similar rules in the Code of Civil Procedures. This issue will continue to cause disagreement until the Supreme Court identifies whether it supports this Article, and

[126] Deputy Director Huang, Lin-lun.

[127] Huang expressed his opinion against making technical examination reports public in the previous conference. Available at: p.35-38 of No.3 conference text file.

if so to what extent. Huang also disagreed with the opinions that advocate the cross-interrogation of the technical examination reports, once they have been made public. Huang stressed that the setting of the technical examination officers is a distinguishing feature in the IP Court, which is different from the verification experts or expert witnesses, who are questioned as part of the litigation proceedings[128].

6.3.6 The View of the Judges in the Specialised IP Court

IP Judge Lin[129] stated, based on practical experiences of the IP Court in the past 18 months, firstly that the technical examination reports are not deemed as evidence. Secondly, the reports should be strictly based on the evidence and materials provided by both parties, it is strictly prohibited for technical examination officers to incorporate any knowledge that they obtain from textbooks without this being properly discussed by the litigants[130]. Once the technical examination report, regarding a specific case, is completed, the first task for the IP judge is to examine whether this report has adopted any materials that were not been provided by litigants. Speaking from her own experiences, Judge Lin stressed that she usually asked the technical examination officers to raise questions to litigants, so as to provide the litigants with full access to the opinions of the technical examination officers. Therefore, Lin concluded that this issue can be improved by the legal practices in the courtroom and a rigid legal reform is not necessary.

IP Judge Chen[131] explained that in practice, the IP judges do not necessarily adopt the opinions provided by the technical examination officers. In response to the arguments presented by Professor Shieh, Chen stated that 'special professional knowledge known to the court' in Article 8 of the IP Case Adjudication Act should be interpreted as 'special professional knowledge that are not argued or debated by both parties'[132]. Therefore, as long as the knowledge is fully debated or argued by both parties in the trial, the disclosure of such knowledge is not obligatory. Regarding Section 2 of Article 8: 'The presiding judge or commissioned judge shall direct the

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[128] Available at: p.37 of No3. Conference text file.

[129] IP Judge Lin, Hsin-jung(Gloria), see more about her at: http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=17&Itemid=49#Gloria%20H.J.%20Lin.

[130] Available at: p.30-31 of No.1 conference text file.

[131] Judge Chen, Kuo-cheng, Chief Judge of the IP Court.

[132] Available at: p.37-38 of No.2 conference text file.

parties to issues concerning the legal relations of the disputed matters, and shall, whenever appropriate, provide his legal opinions and disclose conviction'. Chen stressed that the IP judges should provide legal opinions by disclosing their convictions only when they deem it 'appropriate' according to the text of the Article. In practice, Chen emphasised that the judges' legal opinions or convictions may be altered during the trial, or there may be a panel of judges hearing the case. It is therefore not appropriate for just one judge to disclose their legal opinion as this opinion may be contradictory to the opinions of the other judges.

IP Judge Thon[133] quoted Article 18 of the Intellectual Property Case Adjudication Rule:

> 'Statements made by a technical examination officer may not be directly admitted as evidence for the purpose of finding on the facts to be established. The parties shall still discharge their burden of proof by presenting evidence with respect to the facts to be established in the action according to the evidence procedure set forth in the applicable litigation laws, without directly adducing the statements of a technical examination officer as evidence'.[134]

She also stated that it is evident that the burden of proof is the responsibility of both parties; therefore, the central point of this issue should be on the partial operation of court procedures instead of a compulsory disclosure[135]. Thon also mentioned that not only Korea and Japan adopted the technical examination officer mechanism; in the US the court can assign a technical advisor when approved by both parties. Thon suggests that the internalisation of the technical examination officers is not only convenient for the IP judges who gain access to technical and professional knowledge, but, it should not be deemed as the only method for resolving technical matters. Furthermore, Judge Thon emphasised that the IP judges should absorb technical and professional knowledge from multiple sources rather than relying on one single source.

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[133] Judge Thon, Song-mei.

[134] Available at:
http://ipc.judicial.gov.tw/ipr_english/index.php?option=com_content&task=view&id=63&Itemid=28.

[135] Available at: p.40-41 of No.2 conference text file.

IP Judge Lee[136] explained the practical operation of technical examination officers in the IP Court from several aspects[137]. Firstly, all of the technical examination officers were selected from senior technical examination officers from TIPO; yet, in accordance with the law, they can be selected by national exams to ensure that the source of technical examination officers is diversified. Secondly, regarding the participation of technical examination officers in the trials, at the moment Lee stressed that in principle the technical examination officers only take part in cases that involve technical issues, such as patent cases or copyright cases related to computer software programs. Thirdly, in regard to the duties of the technical examination officers, the IP judges can choose to appoint technical examination officers on receiving a case where it is deemed necessary. The IP judges would expect the technical examination reports to conclude on the following areas presented in the numbered list below:

1. Analyse the boundaries of the patents at issue.
2. Analyse the raised objections in the administration litigation, or defences of civil litigation, including an analysis of evidence of the above.
3. Make comparisons of technical matters provided by both parties.
4. Provide points at issue of both parties.
5. Provide opinions towards those arguing points.

More importantly, IP Judge Lee stressed that several technical examination reports may be conducted along with the proceeding of a case. Whenever the IP judge feels it necessary, they can request technical examination officers to make new technical examination reports in response to new litigation arguments or materials presented by the litigants. In the most extreme case, seven technical examination reports were made. Initially, the IP judges only kept one final technical examination report for the case at issue because this final report would usually contain all of the previous arguments. Yet, in order to clarify that the IP judge does not make a ruling based solely on the technical examination reports, all of the technical examination reports are now required to be recorded as part of the documents presented in the litigation process. In addition, although by law the technical examination reports shall not be made public, they are sometimes submitted to the appellate court for further consideration. Therefore, Lee concluded that technical examination officers simply play an assisting role in the IP Court and the IP judges are in full charge of the case.

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[136] IP Judge Lee, De-zao, Chief Division Judge of the IP Court.

[137] Available at: p.28-29 of No.3 conference text file.

Although it is recommended that the IP judges should disclose their reasoning and legal opinions, whenever appropriate, Lee stated that this is a 'new topic' and the IP Court should develop its processes further in this direction.

In terms of whether the technical examination reports should be made public, IP Judge Lee adopted a negative response for a number of reasons. Firstly, there might be several technical examination reports in a single trial, most of these reports are not final but the litigants may present new arguments aimed at the specific reports. The point of this issue, from Lee's perspective, is to avoid an 'ambush verdict', in which the IP judge makes a judgement on grounds that were never discussed or debated by both parties. But in most cases, the technical examination reports are aimed at rendering opinions towards the litigants' arguments, even in some cases the reports do mention something that goes beyond the litigants' defences or claims and the IP Court is able to grant debating opportunities for both parties; therefore, there is no need to make these technical examination reports public.

On the 17 December, 2010, the author of this thesis met Judge Wang and Division Chief Judge Lee. IP Judge Wang emphasised that there were on-going internal debates and moves regarding future reforms of the IP Court; however, Wang did not answer the questions on the interaction between the judges and the technical examinations officers. Instead, Judge Wang emphasised that the IP judges, once selected, will stay in their positions for long periods and they will not be shifted to other courts; however, under the current regulations all of the technical examination officers would need to return to their original places in TIPO after two years of service in the IP Court, and their empty seats would be refilled by a new group of technical experts from TIPO. Wang suggests that if these technical examination officers remained in the IP Court for longer, it would help the IP judges as they would not need to tackle accommodating new technical examination officers every two years. Judge Lee stressed that the IP judges and technical examination officers cooperate with each other quite well. However, he did mention that IP judges should disclose their internal reasoning and judgements to both parties, as much as possible, which would help litigants to understand the procedures and make more informed decisions.

Neither IP Judge Wang or Division Chief Judge Lee provided satisfactorily detailed answers to the questions regarding the interaction between the IP judges and the technical examination officers; however, they both gave credit to the technical examination officers by saying that the specialised judges and technical examination

officers are the two most significant factors that determine the performance of the IP Court.

During the interview with IP Judge Tsai on 24 December 2010, Tsai praised the contributions of the technical examination officers suggesting that they are one of the biggest reasons that have accounted for the good performance of the IP Court. Speaking of the interactions between the IP judges and the technical examination officers, Judge Tsai stated that it was down to individual cases, and some IP judges choose to consider the technical examination officers' opinions more rather than spending time studying the technical knowledge presented in the technical reports. By contrast, Judge Tsai emphasised that, as a judge, she always read the technical reports provided by the assistant technical examination officers thoroughly and would not draw any rulings before she fully understood the meaning of these reports.

6.3.7 The View of the Chief Technical Examination Officer

In the interview with the Chief Technical Examination Officer Lin, Lin portrayed the differences between the two key professions (law and technology) and the conflicts that occur in this imbalanced power structure. To illustrate, the technical examination officers should follow the instructions of the IP judges, and the latter should count on the former to understand, analyse and make judgements on technical issues.

Most importantly, Lin emphasised that although the interactions between the judges and technical examination officers vary, depending on the individual judge, more than 90% of the rulings adopted their technical examination officers' opinions, and in some cases, where the IP judge disagrees with the technical examination report, they may even ask the officer to revise their report. To summarise this point, in either case, from Lin's point of view the IP judges count on the technical examination officers to present their opinions regarding technical issues, although it is the judges who have the power to rule on the cases – but, they need assistance from the technical examination officers to help them convince the litigants.

In conclusion, Lin implied that the technical examination officers play a significant role in technically intensive IP litigations, yet their efforts seem to be invisible because their technical reports are presented away from the public. Lin took Germany as an example and suggested that there should be an increase in the status of technical examination officers to technical judges. In response to Lin's suggestion,

this point was put forward to the three IP judges interviewed; however, all of them stated that the existing system was good and they felt there was no need to make changes on it.

6.3.8 Summary: Moving Towards an Enclosed Elite Legal culture

	The role of technical examination officers and whether the technical reports should be made public	**Suggestions**
Administrative Officials	No: It is enough that in current practices, some IP judges allow the technical examination officers to express their reasoning and arguments to the litigants in the courtroom. Therefore, the opinions of the technical examination officers are known even without access being granting to the technical examination reports.	
Scholars	Yes: It is essential to protect litigants' interests. Even if the IP judges do not need to disclose the reports, the litigants at least should be assured that they obtain all knowledge that constitutes the grounds of the ruling.	
Lawyers	Yes: It is strongly recommended to disclose the reports, in order to protect the litigants' interests.	
Judges of Traditional Courts	Mostly agree that judges should be obliged to disclose any knowledge that might constitute their own legal opinions and litigants should be allowed a thorough debate. But, a few	

	suggest that the technical reports should be made public, but this is not necessary to disclose any knowledge of the judges' legal opinions in the practice in the traditional courts.	
Judges of the IP Court	No: It is stressed that IP judges make judgements by themselves and the technical examination officers are only playing a supplementary role. There is no need to disclose the reports. Sometimes the IP judges draw different conclusion on the technical matters compared to that of the technical examination officers.	It is hoped that the technical examination officers will hold permanent positions in the IP Court so that the IP judges do not need to accommodate new officers every few years.
Chief Technical Examination Officer	Yes: Technical examination officers play a significant role in technically intensive IP litigations, yet their efforts seem to be invisible because their technical reports are locked away from the public.	Considering the importance of the technical examination officers, it is suggested that the German system should be followed in which the status of the technical examination officers is increased and they become technical judges.

Table 6.3: The Various Perspectives on the Interaction between Technical Examination Officers and the IP Judges

The responses from the IP lawyers, technical examination officers, scholars, judges from the traditional courts and the IP judges are intriguing as there are divided schools of thought regarding the interplay of the technical examination officers and the IP judges. One school of thought requests the full disclosure of the technical examination officers' opinions and reports rendered to the IP judges. The IP lawyers and scholars, and some judges from the traditional courts, support this stance on the grounds of transparency of the IP judges' legal reasoning under the requirements of Article 8 of the IP Case Adjudication Act. Furthermore, the predictability of an IP judges' ruling could build up more credibility for the IP Court as it would protect

litigants' interests by giving them the chance to debate on points that may be adopted by the IP judges as grounds for rulings. It is noticeable that they are all external to the IP Court, although the judges of the traditional courts are part of the judicial system. Even the technical examination officers themselves agree with this school of thought since presumably their efforts would be seen and appreciated more as their hard-working technical reports would be disclosed in the public.

The second school of thought is strongly supported by the practical players, such as the IP judges and the TIPO officers, who are the technical examination officers. Contrasting to the first group, this group is formed of internal staff within the IP Court. Both of these groups emphasised the leading role of the IP judges in hearing and ruling the case by stressing that there is no need to disclose opinions provided by the technical examination officers who are deemed as to be the IP judges' assistants. From the reasons given by the IP judges and the TIPO officers, it is concluded that it is the IP judges who rule the case instead of the technical examination officers and litigants may waste their time in debating meaningless points shown in any interim technical examination reports.

The central point of issue here is that no one actually knows the true role that the technical examination officers play, and while the IP judges make the rulings, to some extent the IP judges themselves may not be sure how much influence they have received from the technical examination officers. It would help clarify doubts over the interactions between the IP judges and the technical examination officers if the IP Court allowed these reports and opinions to be made public. Although the representative from the Judicial Yuan Huang stressed that Japan and Korea do not make their reports and discussions public. Interestingly there are unique features embedded within the Taiwan IP Court, when compared to IP courts in Japan and Korea, and therefore to make another exception would not be inconceivable. Lastly, given that many technical examination reports may be temporary and do not represent the finalised opinions of the IP judges, if the IP judges make their rulings by excluding the influence of any interim technical examination reports then the litigants should be aware of this, so that they would not concern themselves about them.

The Japanese IP Court only hears IP cases at the second instance level, and the Korean specialised court is aimed at only dealing with patent litigations, therefore there are differences between the Taiwan IP Court and the IP courts in other Asian countries. There are however, other concerns that urge the IP Court to make technical examination reports public apart from the accounts stated above, which

include different scenarios compared to the IP courts in other countries. Firstly, the IP Court has a combined jurisdiction and is allowed to hear cases at both the first and second instance level. Given that the number of IP judges and technical examination officers are also limited, then the litigants' interests for a second appellate trial may be deprived. The differences that exist between the Taiwan IP Court and other IP courts in the world should also be considered when debating the role of the technical examination officers.

In addition, based on the field observations of IP lawyers, it is perceived that the technical examination officers have a certain impact on the IP judges; while, the IP judges continue to insist that they make rulings on their own. In interviews with IP lawyers, some lawyers complained that in the traditional courts, the judges rely on external verification reports regarding technical issues, so there is no need for them to debate on them in the court. Now, in the IP Court, the judges provide a verdict very quickly without fully disclosing the IP judges' legal reasoning or the technical examination officers' opinions, they are unsure about the points at issue in the IP judges' minds. This means that the IP lawyers are worried that the cases will be terminated too quickly without a full debate of all the pertinent points and aspects.

The heart of the issue, from the author's point of view, is to maintain the authority of the judges by allowing litigants to debate the opinions provided by the technical examination officers and these officers should be granted a status which is equivalent to that of the technical judges. However, as emphasised by the IP judges, the TIPO officers and representative from the Judicial Yuan, the technical examination officers are merely the judges' assistants – they are not judges.

Some would argue that the disclosure of more information to the litigants would help build up the credibility of the rulings made by the IP Court, and would therefore help to augment the authority of it. This may be right but as explained in the previous sections in this chapter, the legal culture of the Taiwan judicial system puts much emphasis on establishing an enclosed environment which does not welcome external opinions or influence.

Furthermore, as observed by IP lawyers L and M, the establishment of the IP Court may limit the accessibility of the IP litigation market and less specialised lawyers may be reluctant to go to the IP Court. As stated previously, the legal culture of the Taiwan judicial system incorporates an enclosed hierarchy in order to protect the judicial elites from external influence in the judicial decision making process. The

rationale of the IP Court seems to follow a similar school of thought, establishing another enclosed judicial hierarchy on a smaller scale but with a greater magnitude for IP litigation players. This environment utilises specialised judges and specialised technical experts which to some extent prevents the IP Court from being accessed by non-specialised lawyers and ordinary litigants. In other words, while IPR are deemed as the backbone of the modern knowledge-based economy, the setting up of the IP Court assures an enclosed, secure judicial body that keeps the litigation battlefield for only a certain number of privileged, the specialised legal elites and IP litigants, in a bid to provide better legal services to IP litigations. In doing so, it will further enhance the privileged in this field and put others at a disadvantage. In other words, if the establishment of the IP Court is to re-distribute the input of public legal resources, then the more specialised these litigation players are, the more resources they get. The level of expertise will inevitably increase the price of the service offered in the IP litigation market and these elite specialised players will be limited to those litigants in advantageous economic positions.

To sum up, the different perspectives concerning the role of technical examination officers in the IP Court indicate the different expectations about the function of them. Among the various perspectives, the most polarised views come from the lawyers and the IP judges. The lawyers define the technical examination officers as technical experts whose reports are expert testimonies which should be made public and debated by the parties. In contrast, the IP judges hold an opposing view and define the technical examination officers as part of the internal technical assistants tailored to support the IP judges – the judges insist that they rule the case and the technical examination reports are presented for their reference. The IP judges' view has some grounding because both parties can apply for witness experts to present their testimony in the IP Court; therefore, the technical examination officers have a different role to the witness experts. But the lawyers' argument has grounding too, if the technical examination reports have an impact on the legal reasoning of the IP judges then the disclosure of these reports is justifiable as it protects the litigants' interests.

By temporarily placing the disclosure of the technical reports aside, the introduction of the technical examination officers in addition to the witness experts in the IP Court suggests that the IP judges are given impartial expert assistance to help them understand the technical matters. It further implies that the IP judges are responsible for understanding the technical facts and the Taiwan IP Court actually follows the rationale of an inquisitorial legal system. The suggestion made by the chief

technical examination officer provides an interesting angle for observing the thoughts underpinning this feature. In the case of Germany, the technical judges are given the same status as other legal judges, and as time progresses the process of collaboration works. The judges of different professions learn from each other and they gradually become more familiar with both legal and technical thinking methods (Pakuscher, 1994, p.225-6). This could be the case in Taiwan if the technical examination officers and the IP judges collaborate in the same way, which would require more empirical evidence to confirm the impact of prior expertise and accumulated experiences on the judicial decision making process (Miller and Curry, 2009).

The technical examination officers switch their positions between the IP Court and the original public service department every two years, while the IP judges might sit in the court for decades. This suggests that the current structure and cooperation between the technical examination officers and the IP judges are illustrated by the technical understanding being treated as a supplementary element in dealing with IP cases, and the technical examination officers are not encouraged to merger with the other legal profession.

To conclude the debate over the role of the technical examination officer in the Taiwan IP Court, the judicial sector already notes the importance of technical knowledge in dealing with IP cases, but it considers this knowledge to be secondary to legal expertise. To some extent, this new feature suggests that the Taiwan IP judges are responsible for learning technical matters and the duty of investigating technical matters rests on the shoulders of the judges in the inquisitorial legal system. It also suggests that the IP Court believes that there is an 'impartial' answer to technical facts, while in an adversarial litigation system, such as in the US, the credibility of witness experts are often destroyed by issues unrelated to their expertise (Maxeiner, 1991, p.604-5). Lastly, the IP Court encourages an interdisciplinary trend in the judicial decision making process, yet not to the same extent as the technical judges in Germany. In contrast, witness experts are heard by juries rather than technical judges in Germany, this encourages the interdisciplinary trend in the judicial decision making process.

6.4 Chapter Conclusion: A Specialised Court that Shapes the Local Legal Culture and Highlights the Importance of Technical Expertise

In a study probing into the legal culture of Taiwan as it faced the legal transformation which was prompted by international trade and external pressure from important allies, Professor Peng (2000, p.26-33)[138] identified two important characteristic in the Confucian based legal culture. Firstly, the networks of interpersonal relationships play a significant role in Taiwan's economic development and therefore contributed to the small to medium enterprise (SME) business boom and the marginalisation of the law. Secondly, in the traditional Confucian culture, there were no concepts of IPR laws. In addition, with reference to copyright law, no formal or informal counterparts to copyright law existed within the Chinese history; furthermore, the Confucian culture has historically encouraged and valued the copying and imitation of human ingenuity (Peng, 2000, p.31; Lau, 1999). Therefore, IP rights were not encouraged as a way of gaining economic rewards historically in China; thus, the IP legal concepts were never established in the traditional Chinese legal framework and they were therefore later transplanted from foreign legal regimes.

Despite Peng portraying the transformation of the legal culture, with the example of the copyright law regime, the same school of thought in fact is also existent in the setting of the IP Court. Firstly, the founding of the IP Court is partially, if not completely, a result of the pressures in the face of the global economy and international trade which placed much emphasised on IPR protection. Secondly, when Taiwan became a member of the WTO in 2002, it was obliged to incorporate unfamiliar legal regimes in order to comply with the TRIPS Agreement of IP rights protection standards. A specialised IP Court was established which exceeded the minimum requirement of the TRIPS Agreement and in fact in the case of Taiwan, it was implemented largely due to the pressures from the US as explained earlier. Furthermore, the idea of enhancing the IP legal enforcement regime was explicitly supported by the international treaties and in the founding of the Taiwan IP Court which corresponds to the international mainstream ideology regarding IP legal enforcements.

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[138] In the article, the most important ally for Taiwan is suggested to be the USA.

To reiterate, while the transplantation of exotic legal regimes into traditional legal frameworks changed the original legal culture, similarly, the implantation of a new specialised court within the traditional legal system shaped the legal culture in various aspects. As discussed in the previous sections of this chapter, the establishment of the Taiwan IP Court will accelerate the specialisation trend in legal professions and this would further highlight the importance of technical expertise in processing IP litigations.

CHAPTER 7 CONCLUSION – THE THEORY AND PRACTICE OF THE TAIWAN INTELLECTUAL PROPERTY COURT

The first chapter of this thesis provided an introduction. Then, in the second chapter, the author introduced the various models of the IP Courts and characterised them by their respective rationales and different levels of intervention through technical expertise. In the third chapter, the author depicted the history and new features of the Taiwan IP Court in terms of the international and domestic demands by explaining the policies embedded within its founding, in particular in terms of the instrumental perspective led by the US's CAFC model. The fourth chapter identified that the impact of the IP Court upon patent litigation is generally pragmatic and positive; however, based on the outcomes of its rulings, only a limited group of patent holders are entitled to victories in the court. In chapter five, the author further argued that the establishment of the IP Court carries more symbolic meaning than a pragmatic effect on the general copyright litigations; however, a few cases may in fact benefit within this court – those cases involving a high density of technological knowledge. Subsequently, the sixth chapter identified the position of the Judicial Yuan and the roles of the lawyers were closely observed by summarising the various perspectives from different players in IP litigations. The author further probed into the role of the technical experts, within the specialised judiciary, by analysing the debate concerning the disclosure of technical reports.

In summary, it is concluded that the establishment of the specialised IP Court was created as an instrument to carry both pragmatic and symbolic functions in enforcing IP rights, although they carried different weights in the various categories of IP litigations. The pragmatic purpose is vividly shown in the example of patent litigations which aim to achieve public policies which stimulate economic developments by encouraging technological innovation through the facilitation of patent litigations. The symbolic purpose is further evidenced in the example of copyright litigations, which are included in the jurisdiction of the IP Court under the umbrella of IP. Despite the tensions between the law and technology, many issues surrounding the IP Court remain. With its establishment, technical expertise was inevitably heralded which has accelerated the specialisation trend either by explicitly favouring the intensity of technological knowledge, in cases, or by implicitly shaping the legal practices and legal professions.

In this concluding chapter of the thesis, the author will collate all of the arguments presented throughout in an attempt to provide further theoretical grounds for finalising the impact of the Taiwan IP Court in theory and in practice. This chapter will be divided into two main parts. Firstly, the instrumentalism perspective that emphasises the link between economic developments, IP rights protection and technological advancements will be thoroughly examined. Based on this examination, Taiwan will be taken as an example in order to analyse whether the IP Court in Taiwan provides a successful solution, from an instrumental perspective, for fulfilling both its pragmatic and symbolic functions. Secondly, the economic belief, fuelled by the international arena, together with the incorporation of legal and technical expertise, will be exampled to determine the impact of the Taiwan IP Court upon local legal practices and legal professionals.

The Taiwan IP Court serves as an example worthy of observation and analysis to understand the shaping of its specialised judiciary in pursuit of technological innovation and economic development. The theory of its establishment has been premised by the link between national economic development, technology and strong IP protections. In practice, it has announced the rise of technological involvement within IP litigations, as well as a specialisation trend that infiltrates into every aspect of the legal practice and professions. As a whole, the Taiwan IP Court has eventually led to a more enclosed, elite and selective legal culture in the field of IP litigations in Taiwan.

7.1 Legal Instrumentalism: A Specialised Court to Serve both Pragmatic and Symbolic Purposes

7.1.1 The Triangular Link between Technology, the Economy and IPR Protection in Taiwan

The ideology which backboned the US CAFC model as explained earlier (3.2.1 The US CAFC Model), has been accentuated in the establishment of the Taiwan IP Court. Whereas the link between the technology, economy and IP protection is examined and to some extent confirmed (3.2.2 The Triangular Link between Technology, Economy and IP Protection), it has led to the question that whether the link exists in the case of

Taiwan. A specific research was conducted which aimed to investigate the effects of IPR exports in Taiwan between 1989 and 2000 (Liu and Lin, 2005). This research focused on discovering a link between IPR protection and the exports of three high-tech industries in Taiwan: semi-conductor, information and communication equipment. In 2005, Liu and Lin suggested that the stronger IPR regime positively impacted on Taiwan's exports when the importing country had a stronger R&D ability than Taiwan. Later in the research, completed in collaboration with Yang and Huang (2009), it was concluded that the improvement in IPR protection would increase Taiwan's exports through the market expansion effect. To sum up, this empirical study shows that a stronger IPR regime in Taiwan helps exports if the destination country has a higher ability in innovation advancement; thus, Taiwan would increase its exports to a destination country that had a reduced threat of imitation. The link between economic development and a robust IP regime is assured in the case of Taiwan, as Taiwan has high technological capabilities. The emerging question is, therefore, whether a specialised IP Court is necessary for this IP regime and, if so, what features are necessary?

Mercurio (2010, p.94) argued in his article that developing countries should maximise the flexibility allowed in the TRIPS Agreement in order to establish an IP regime as a development tool, instead of following the orthodox perception from other developed countries – thus, to develop something rather than being imposed with a set of monopolistic rights.

The concept of a 'developing mode of IP rights' is intriguing because it reconciles the conflict between the more developed countries and the less developed countries (LDC). As mentioned previously, the impact of a robust IPR regime to a country largely depends on the 'technological proficiency' and economic characteristics of the country. This theory would support Mercurio's (2010) argument because IPR regimes do have different functions in different types of countries. With reference to this concept, it is important to consider how much flexibility is allowed in the TRIPS framework and how should these elements be interpreted within the models of the specialised courts? Even though Taiwan contains high technical absorptive capacities and would benefit from a strong IP regime, where an efficient IP litigation system is included in the package, an emerging question is whether a specialised court is actually required under these circumstances? If so, what kind of specialised court is needed and are specialised judges required? These questions will now be explored in the following paragraphs.

Since the IP Court was introduced based on the assumption that it would benefit the economic growth of Taiwan, in the age of fast-paced technological change and global trade, a number of questions concerning the justification for the establishment of the IP Court in Taiwan are raised which focus on the following three points of interest. Firstly, does a strong IPR regime boost an economic return for Taiwan? Secondly, while effective IPR enforcement is included in a robust IPR regime package, is a specialised court, instead of alternatives such as specialised divisions within the general courts, the best solution for Taiwan? If we assume the answers to the two previous questions are yes, then at the third level, the question is whether the current design of Taiwan's IP Court suits its proclaimed purpose?

To answer the first question, concerning an economic return, this research utilised documentary excavation and qualitative interviews. The answer is affirmative based on the empirical research and theoretical explorations presented in this thesis. In regard to the second question, the author of this paper argues that the IPR regime should not be considered as a whole package that requires equal treatment be given to all varieties of IP issues. Similar to the notion that the impact of IPR regimes vary to individual countries, which depends on the development conditions of each country, it should be remembered that although IP rights have some characteristics in common, each of them has specific features that require a variety of legal treatments. In the previous chapters, patent and copyright were taken as primary examples to explain the differences between the IP cases.

To answer the second question therefore, it is arguable that the form of court specialisation should depend on the unique features of the individual IPR. In regard to patents, technological knowledge plays a significant part in addition to the law in a trial (Rat, 2002) and it is, therefore, more justifiable to have specialised technical experts to assist the judges. Yet, with regard to the copyright cases, the core problem is the difficulty in enforcing the existing law and the lack of consistent legal discretion upon novel technological advancements. A consistent and advanced legal judgement is needed, and specialised judges in a specialised division may be sufficient. To illustrate, if specialised courts are utilised to deal with the full variety of IP litigations, they could miss the point, particularly when there are only a limited number of specialised judges. Furthermore, the empirical data retrieved from the database built by the Taiwan IP Court, indicates that technical experts are generally needed mostly in patent litigations, and the establishment of the new specialised IP Court does not seem necessary in most of the IP lawyers' eyes.

The answer to the third question is linked with that of the second question, since the legal resources are limited, the establishment of the IP Court would only be justifiable on the grounds that it is the best way to fulfil the purpose needed. Following this school of thought, in the following section, it will be explained how Taiwan's IP Court plays a dual role as an efficient instrument which both symbolises and practices Taiwan's determination for IP protection.

7.1.2 Summary: A Specialised Court as an Instrument to Achieve both Pragmatic and Symbolic Purposes

After the IP Court was inaugurated in July 2008, the government based Central News Agency published a Special Issue on the IP Court. According to the report, the main purposes of the IP Court were identified as sharpening Taiwan's international competitive edge on IPR protection, in response to the fast paced information technology and commercial exchanges. In this context IPR protection was prioritised based on the consideration of economic developments and free trade (Wang, 2008). Another reason suggested in the report was based on Taiwan's membership to the WTO, since 2002. Under the regulations of TRIPS, it was compulsory for Taiwan to bring domestic legal standards in line with international standards. The establishment of a specialised IP Court had therefore become one of Taiwan's initiatives for implementing these rules.

The special report (Wang, 2008) vividly describes that the main purpose of the IP Court is to carry out a policy that speeds up the transformation of the current economic model by establishing the shift of judicial practice. This shift of judicial practice is very much accentuated in the litigation efficiency and technological expertise. In the traditional judicial practice, judges are divided into three main groups, the: civil, criminal and administrative sectors. In the new legal field, the traditional judicial territory is redefined and litigation efficiency is the core concept to support this reformulation. It was concluded in the special report that Taiwan is expected to become a country that exports IP products rather than just manufacturing them.

Based on the statistics provided by Taiwan's IP Court, efficiency has been greatly improved. Nevertheless, the accuracy or justice which is supposed to be the foundation of the litigation practices, somehow seem to be being overshadowed by this efficiency. However, an accurate ruling without efficiency in IP litigations (particularly patent) could be as bad as a fast, inaccurate ruling as the legal rights are

linked closely with the economic rewards, and these rewards are only viable for a certain period in the market.

As argued by the author, of this thesis, in chapters four and five, from the very beginning, the main features of the Taiwan IP Court were aimed at improving both the efficiency and quality of patent litigations. The incorporation of other categories of IP litigations ensure the policy ideology that is embedded within the title of the Court – it is an independent legal body that accentuates and glorifies Taiwan's determination to protecting IP. Even the news on the IP Court website emphasises that the removal of Taiwan from the US Special 301 Watch List is attributed to the founding of the specialised IP Court. The quality of the litigations may be of question, but the efficiency of them has certainly been greatly improved. Overall, the Taiwan IP Court may fail to respond to expectations from all aspects of the main players, but it certainly plays a very good role in symbolising Taiwan's willingness and practical action to strengthening IP protection.

The assumptions made in the creation of the IP Court are more meaningful than simply tackling IP litigations alone. As shown in the interviews with lawyers, litigants would prefer to settle their cases by obtaining verdicts, especially if the legal cost is low. In some cases, litigants claimed for only one dollar, but insisted on obtaining a verdict that was issued by the court. This is difficult to explain in terms of the 'efficiency' paradigm or in terms of an economic rationale. Moreover, this represents a more symbolic meaning that is held and contained in the paper issued and authorised by the legal body. Therefore, the establishment of the IP Court may not be as helpful to other litigations as it is to the patent ones; however, it is a symbol of the government's determination to protect IPR by means of improving IP litigations.

The opinions of the non-IP lawyers, who were interviewed, to some extent also support this hypothesis. They tended to give positive comments concerning the creation of the IP Court, even though they had no practical experiences in the court. The most common complaint they had focused on the issue of equality, since more legal resources were attributed to dealing with IP litigations, there was concern for the other cases. However, the setting of the IP Court highlights the clear sign that the government prioritises IP litigations over other categories.

An article written by graduates of National Chengchi University suggests that a traditional judge's lack of expertise regarding IP cases has led to a public distrust of the judicial system. It mentions that the most significant IP cases were forced to be

tried in the US simply because the legal practices in Taiwan were neither sufficient nor efficient to the IP litigants (Zhu, et al., 2008, p.164). These were familiar points and reiterate the opinions suggested by the speech made by the head of the Judicial Yuan and the opinions made by the Deputy Director of TIPO, which all concluded that it was necessary to make institutional reforms. Nevertheless, as previously mentioned in chapter four (section 4.4 Chapter Conclusion: The Triumph of Pragmatism), the low win rate of patent litigations reduced the willingness of patent holders to proceed litigations in Taiwan.

Furthermore, as suggested in the fourth chapter (see section 4.1.4 Summary: The Efficiency Concern of Patent Litigation and the Specialised Court, patent litigations are often used as part of a business' strategy to reset the value of patents in the market. The importance of patent litigations therefore depends on the significance of the market to the litigated patent. Taiwan is one of the leading manufacturers of electronic gadgets in the world, their domestic market is rather small and it relies heavily on foreign trade relations, as previously mentioned, as most of their products are sold to its trade partners. The most recent example is from the Taiwan-based company HTC, the world's fifth largest smartphone manufacture, who insisted that it will appeal after losing the patent infringement lawsuit filed against it by Apple Inc. which was an initial ruling by the US International Trade Commission (Reuters, 2011).

In conclusion, ironically the main battleground of patent litigations to Taiwan's main patent owners is not in Taiwan but is often in the US or the EU. Certainly, the operation of Taiwan's IP Court does not play as large a role as the CAFC does in connecting patent protections with national economic competitiveness. Under these circumstances, it is worth noting that the establishment of the Taiwan IP Court may provide a more symbolic meaning of IP protection, rather than actually in practice protecting the interest of IP proprietors.

The establishment of the Taiwan IP Court therefore carries the instrumental purpose of shifting the judicial paradigm aimed at transforming the IPR economic model in both pragmatic and symbolic ways. This belief is founded on the argument that the specialised IP Court would increase and strengthen the value of IPR and in doing so the economic model would be transformed to a global competitive perspective. It has already been suggested that the link between IPR protection and economic developments are decided by the technical capabilities of a country. In the next section, it will be further argued that the instrumental view resonates the values

advocated under the international enclosure movement of IP laws and enforcement, particularly with reference to the US.

7.2 A Specialised Court that Encloses the Specialised Judiciary with Economic Development Policy and Technical Expertise

7.2.1 Economic Development Enclosure: The US CAFC Model

In the context of the international dynamics of the IP legal regime, the term 'asymmetry' is often used to refer to the power imbalance between developed and developing countries (Keohane, 2005). It can be said that the relations between Taiwan and the US have echoed this asymmetric power structure in relation to establishing Taiwan's IP legal framework. The international environment that reflects the needs or goodness that are measured by an external standard (the US, WTO, TRIPS, etc.), have inevitably limited the space for individual countries to conduct domestic tests to achieve a balance of the various factors for both an ideal in terms of social welfare and the maximum public good. The economic considerations that dominate the discussions surrounding the Taiwan IP Court have sidelined other important issues, such as: social equalities regarding why a specialised court specifically for IP litigations is needed and whether there are legal justice issues concerning some of the copyright cases that are not benefiting from the technical expertise provided within the IP Court. These issues/concerns are ultimately causing disadvantages through the possible deprivation of litigants' interests.

Even when the social equalities or social justice issues are pushed aside, the link between economic development and IPR is still arguable. Most important of all, even the singular perspective to presume the link between economic development and IPR heralded by the globalisation of IP legal framework is arguable (Okediji, 2003; Chon, 2005), and it seems that the weaker party, in this imbalanced game, should be more eager to argue for its own benefits. Notwithstanding, in the case of Taiwan, the advantages to argue for its own IP legal regime in correspondence to its development and social needs, have been shadowed by the advantages of tightening relations with the US.

Despite the policy rationale, which formed the backbone of the founding of the Taiwan IP Court, being strongly influenced by the US, in practice it has its own unique features. Although the specialised jurisdiction places all categories of IP litigations within one independent court with technical experts, both of which mirror the specialisation and technical expertise principles similar to the US model, they work in a different way in Taiwan to the US. It was argued in the fifth chapter, of this thesis, that the combination of the specialised jurisdiction has conveyed the symbolic message of the government's determination to protect IPR, in some instances at the expense of the litigants' interests.

In the following section, the author will analyse the centralised approach to introducing technical experts into the judicial system. In other words, technical expertise has enclosed part of the judicial territory that is usually monopolised by legal or judicial experts, although the judicial sector in Taiwan plays this in a low profile manner.

7.2.2 Technical Expertise Enclosure: Diversification and Centralisation

As suggested in the third (section 3.3.2 The Incorporation of Technical Examination Officers into the IP Court) and sixth chapters (section 6.3 The Interaction between the Technical Examination Officers and the IP Judges) the IP Court internalised the use of technical experts to provide technical knowledge assistance to the IP judges; however, the non-disclosure of technical reports, by these experts, has caused wide concern regarding the transparency of the judicial decision making process among the specialised lawyers. This feature suggests that the traditional judicial space is partially enclosed by technical expertise which has impacted on the litigation practices and the legal professionals from various aspects. In this section, the author will further analyse the points mentioned in the previous chapters.

Firstly, from the perspective of litigants, this feature has increased the trend for specialisation, particularly with regard to the intervention of technological knowledge. The incorporation of technical experts encourages litigants to equip themselves with better technical expertise so as to gain advantage in the courtroom. Specialised lawyers can satisfy their clients either by acquiring more technical knowledge or cooperating with other technical experts. Thus, indicating that it would be difficult for specialised lawyers to thrive in the market in the long run with only their legal

expertise. Secondly, from the perspective the IP judges, this feature has led to further diversification over their specialised expertise. The authorisation for the IP judges to request technical assistance and technical reports under the law implies that they inevitably are obliged to obtain a better acquaintance with technical knowledge in addition to their judicial background. On the one hand, IP judges are selected to further sharpen their specialised judicial expertise and on the other hand, they are compelled to diversify their knowledge base by developing a new branch of technical knowledge. To sum up, from the perspective of the legal experts, including the specialised lawyers or IP judges, this feature has deepened their level of specialisation, but by way of diversifying their base of expertise.

Thirdly, from the perspective of the technical examination officers, this feature suggests that their presence in the courtroom is required as they are part of the internal staff of the IP Court; therefore, they do not stand for the interests of individual litigants, they stand for the public interest of the judicial system. Nonetheless, not only the credibility of the experts might be of issue (Maxeiner, 1991, pp.604-5) as biases are also persistent in various professions of science (Meyer, 1996). In this aspect, the Taiwan IP Court does not take the US's expert witnesses approach which allows both parties to employ different technical experts to suit their best interests; instead, it chose to internalise the technical experts without the disclosure of the technical reports. Although the litigants are allowed to use expert testimonies under the permission of the IP judge, the nature of the feature inevitably strengthens the credibility of the technical examination officers compared to individual experts from either party. In addition, the technical examination officers work with the IP judges on various cases, the long-term mutual understanding and cooperation with the IP judges will inevitably ensure that the technical examination officers are in an advantageous position when compared to the other external experts.

In other words, although presumably these internal technical examination officers are more impartial because they work for the court, there is no evidence to indicate that their opinions are better than external experts. What is more, even these technical examination officers are impartial from their own point of view and their opinions might well be biased due to the nature of their scientific knowledge. As suggested by Meyer (1996, pp.40-41), the experts can be either selected by both parties or by the discretion of the court, whereas the court appointed experts are traditionally called 'independent' or 'neutral'; this practice indicates that the court appointed experts are in a more advantageous position to testify compare to others. Therefore, judging from the level of influence of their technical opinions, the technical examination

officers, despite them not necessarily having the best answer to technical questions, are likely to have the highest influence upon the IP judges' ruling. The author termed this in the conclusion to be 'centralisation', which suggests that the most influential technical opinions are controlled by the judicial department itself without disclosing them to the public.

Damle (2005, pp.1310-11) used the technical judges in the German Federal Patent Court as an example to compare with the witness experts in the US CAFC model. Damle (2005) suggested that technical judges could help to render a more interdisciplinary view in the court instead of being compelled by tunnel vision due to the courts' strict specialisation; furthermore, he pointed out that as the complexity of the law grows, the desire for generalist judges also grows. Damle (2005) concluded that the best way to balance the need for specialised expertise and generalist judges is to combine the judges with judicial expertise with other experts, exactly as the German model does. In comparison to the US and German models, the Taiwan IP Court has adopted an intermediate approach, by internalising the technical experts into the judicial system it gives them a supplementary role to help the IP judges.

In conclusion, the diversification effect upon these legal experts' bases of expertise may help the judges who have very specific specialised knowledge. The centralisation effect of these technical examination officers further implies the possibility for the government to embed its policy goals within the IP Court by controlling the determining technological factor (of the experts) in IP litigations.

7.3 The Continuous Transformation Process of the Taiwan IP Court to Internalise and Strengthen New Legal Values into the Local Legal Culture

Despite the Taiwan Intellectual Property Court not satisfying everyone, from many aspects it is a success. From its pragmatic meaning, it has properly responded to the national and international demands of IP legal enforcement, to such a degree that the efficiency of IP litigations has greatly improved, and to the level that Taiwan has been removed from the Special 301 Watch List by the US. From its symbolic meaning, it has helped Taiwan to move upstream in the river of economic growth as it has

secured Taiwan's position and strength in international trades and politics. It would therefore be unfair to say that it is not a success and the shortcomings mentioned in this paper can still be reformed and changed in the days to come.

The above observations are made from the instrumental view by judging the Taiwan IP Court from its achievements, after its implementation. Nevertheless, it is necessary to analyse the Taiwan IP Court not only from its new practical functions but also in relation to the original legal system. As suggested in the sixth chapter of this thesis, the implementation of the Taiwan IP Court has gradually transformed the legal practice and legal professions through a combination of measures. It has reshaped the legal culture by emphasising the values carried by ways of specialising IP litigations. Of these favoured values, some are expressed explicitly such as the efficiency in handling the litigation process and the emphasis on technological expertise in the legal professions; whereas, others are expressed more subtly, such as the enclosed elite culture that augments the positions of power and weakens the chances that the poor will fight for their legal rights. In short, the Taiwan IP Court speaks loudly for values of improving efficiency in the judicial process by incorporating technological knowledge in the legal profession and by enclosing the privileged litigation process to the elite in the original IP litigation arena. These values, above, that are favoured by the Taiwan IP Court also have mutual impacts upon one another. The efficient litigation process ensures that litigants with favoured advantages will win the legal battle more quickly and technological expertise is more easily acquired by those who have advantageous positions within this field. Although many of these values were, to a certain extent, already embedded within the original legal system, such as the efficiency of the litigation process being a constant issue in legal debates and the tendency that an enclosed elite culture existed long before the implementation of the IP Court, these values are undoubtedly strengthened to an unprecedented extent since the IP Court was established.

The strengthening process has two dimensions: firstly, these values are accentuated by the setting of the Taiwan IP Court itself; and, secondly, they are continuously strengthened by the day-after-day operations of the IP Court. From a symbolic view, the establishment of the IP Court stands as a symbol for these values as it is continually, on a daily basis, serving as a symbol maker of these ideas too. From the instrumentalist view, the establishment of Taiwan's IP Court transformed the original structure of the legal institution and there is a continual transformation process in progress.

Why are these values selected to strengthen or embed the new IP Court in Taiwan's legal system? As suggested, they are selected in response to the domestic and external pressures. Furthermore, from the analysis in the previous chapters, it is suggested while the values also correspond to the domestic mainstream legal thoughts in this arena, the emphasis and glorification of them through the establishment of an independent court were prompted by external ideas. Even the domestic mainstream legal thoughts may have been formulated largely because they represent mainstream values that are advocated or urged by the international treaties or powerful partners of Taiwan. In other words, the prioritised IP litigation process, the advantaged technological expertise and the favoured existent elite which favour economic and efficiency issues all contribute as the main characteristics of Taiwan's IP Court in response to the mainstream values that were advocated or urged by the international treaties.

As a result, the legal culture in the context of IP litigations in Taiwan varied from the traditional ideas which were formed and shaped by domestic social influence. Instead, the legal culture of IP litigations in Taiwan has now been shaped and reformulated in relation to the international elements that have implanted their values in the setting of the IP Court.

The ideational power of international pressures upon countries in the course of implementing external legal values into the original legal systems (Deere, 2009) has been shown vividly in the case of Taiwan. In discussing the role of the Supreme Court in the US, Falilnger (2006, p.380) stated that symbolic messages can be transmitted through political and legal ritual activities. Furthermore, Kertzer (1989, p.31) stressed that the communication of power relations would not be only limited among the political elite but it could also have an impact towards the powerless. The Taiwan IP Court stands as a legal symbolic body that continuous to deliver symbolic messages to the public by rendering legal rulings which carry legal values.

The transmission of these symbolic messages is done in two ways: firstly, the founding of an independent IP Court itself is a message to the legal communities and the public; secondly, through its continuous operation, the IP Court is delivering messages on a daily basis.

These symbolic messages are disseminated not only to the legal communities but also to the public. Ultimately, it ensures that the litigation process favours those who

have more technological expertise and by doing so it encourages the idea of innovation to the public. It improves the efficiency of IP litigation to the legal community and by doing so it shows the privileged status of IP rights to society. Furthermore, it accelerates the specialisation trend in legal communities and by doing so it establishes a high threshold for new comers or weak competitors. In other words, the Taiwan IP Court has not only transformed the original legal culture but also the social perceptions of IPR protections.

Those who are more specialised protect the interests of the market powers. In short, the building of the IP Court provides a continuous process which educates the elite (the field players) with legal values and subsequently the more powerless public. However, conflicts between the local legal culture and the imported legal values remain and there is a sharp contrast between the progresses of efficiency to those of quality which are best exemplified in the case of patent litigations. The efficiency of patent litigations has greatly improved, whereas the wining rate of plaintiffs remains low. The tradition of applying strict standards to examine the plaintiffs' claims are continued in the new IP Court, which suggests that litigants now obtain disappointing results in a more timely manner. As a consequence, the new IP Court accelerates the existent legal traditions to some extent, although there is a chance for it to reconcile these existent legal ideas with the implanted legal values in the future.

This area is worthy of continuous observation to determine how the local legal culture will be transformed and to what extent. Furthermore, an examination of how the local factors will respond to the international values, in the days to come, would also be of interest.

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APPENDICES

1 Questionnaire for Lawyers

Questionnaire for Lawyers

Date: (Y)   /(M)   /(D)

Section I   Background

1. Name: ________________ ☐Prefer to be anonymous
2. Sex:__________
3. Age:_______
4. Adjudicating Years in the Traditional Court:___________
5. Adjudicating Months in the Intellectual Property Court:______
6. Other Legal Professional Experiences:

   ☐Yes, as______________for ____years: ☐No

Section II Categorization and Costs of Patent and Copyright cases

7. Approximately how many cases commissioned to you per month before and after the introduction of the IP Court?

Approximately how many cases per month	Before the IP Court	After the IP Court
Number of all cases per month		
Specifically Patent		
Specifically Copyright		

8. Approximately the average value of subject matters in patent and

copyright cases that commissioned to you before and after the introduction of the IP Court?

Approximately the value of subject matters	Before the IP court	After the IP court
Patent Cases		
Copyright Cases		

9. Approximately the average legal cost for your clients of patent and copyright cases before and after the introduction of the IP Court?

Approximately the legal cost	Before the IP court	After the IP court
Patent Cases		
Copyright Cases		

Section III Efficiency Accounts

10. Approximately how long does it take to resolve a case in court?

Approximately how long does it take to resolve a case in court	Traditional court	IP court
Patent Cases		
Copyright Cases		

11. Please specify three factors that have greatest impact upon the

efficiency of patent cases and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

12. Do you think the above three factors with regard to the patent cases are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

13. If yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

14. Do you think that the efficiency issue with regard to the patent cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

15. Either yes or no, please specify your reasons in the following blank?

Reasons:____

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16. Following the above question, please tell us what steps you think that are useful to make further improvements on the efficiency ground with regard to the patent cases?

    Suggestions:____

    ____

    ____

    ____

17. Please specify three factors that have greatest impact upon the efficiency of copyright cases and prioritize them according to their importance?

    Factor 1:____

    Factor 2:____

    Factor 3:____

18. Do you think the above three factors with regard to the copyright cases are dealt with properly in the setting of the Intellectual Property court?

    ☐Yes ☐No:

19. If yes, then how have they been done?

    Factor 1:____

    Factor 2:____

    Factor 3:____

20. Do you think that the efficiency issue with regard to the copyright cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

21. Either yes or no, please specify your reasons in the following blank?

    Reasons:____

    ____

    ____

    ____

22. Following the above question, please tell us what steps you think that are useful to make further improvements on the efficiency ground with regard to the copyright cases?

    Suggestions:____

    ____

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    ____

Section III Expertise Accounts

23. In the Traditional court, in which way the patent cases commissioned to you are resolved most likely?

    ☐Verdicts ☐Litigation Settlements ☐Private Settlements

    ☐Others_____________

24. In the Intellectual Property court, in which way the patent cases commissioned to you are resolved most likely?

    ☐Verdicts ☐Litigation Settlements ☐Private Settlements

    ☐Others_____________

25. Please specify three factors that lead the patent cases to certain resolution and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

26. Do you think the above three factors are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

27. If your answer to the question 42 is yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

28. Do you think that the expertise issue with regard to the patent cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

29. Either yes or no, please specify your reasons in the following blank?

Reasons:____

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30. Following the above question, please tell us what steps you think that are useful to make further improvements on the expertise ground

with regard to the patent cases?

Suggestions:____

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31. In the Traditional court, in which way the copyright cases commissioned to you are resolved most likely?

☐Verdicts ☐Litigation Settlements ☐Private Settlements

☐Others____________

32. In the Intellectual Property court, in which way the copyright cases commissioned to you are resolved most likely?

☐Verdicts ☐Litigation Settlements ☐Private Settlements

☐Others____________

33. Please specify three factors that lead the copyright cases to certain resolution and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

34. Do you think the above three factors are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

35. If yes, then how?

Factor 1:____

Factor 2:____

Factor 3:____

36. Do you think that the expertise issue with regard to the copyright cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

37. Either yes or no, please specify your reasons in the following blank?

Reasons:____

____

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38. Following the above question, please tell us what steps you think that are useful to make further improvements on the expertise ground with regard to the copyright cases?

Suggestions:____

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2 Questionnaires for Judges of the IP Court

Questionnaire for Judges of the IP Court

Date: (Y)　　/(M)　/(D)　　

Section I　　Background

1. Name: ________________ ☐Prefer to be anonymous
2. Sex:__________
3. Age:_______
4. Adjudicating Years in the Traditional Court:___________
5. Adjudicating Months in the Intellectual Property Court:______
6. Other Legal Professional Experiences:

☐Yes, as______________for ____years:　　　　　　☐No

Section II　　Categorization of Intellectual Property Litigations

7. Approximately how many cases per month pending for your adjudication?

Approximately how many cases per month	Traditional court	IP court
Number of all cases per month		
Specifically Patent		
Specifically Copyright		

8. Approximately the average value of subject matters in patent and copyright cases you have adjudicated?(calculated by New Taiwan Dollars)

Approximately the value of subject matters you have adjudicated?	Traditional court	IP court
Patent Cases		
Copyright Cases		

Section III Efficiency Accounts

9. Approximately how long does it take to resolve a case in court?

Approximately how long does it take to resolve a case in court	Traditional court	IP court
Patent Cases		
Copyright Cases		

10. Please specify three factors that have greatest impact upon the efficiency of patent cases and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

11. Do you think the above three factors with regard to patent cases are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

12. If yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

13. Do you think that the efficiency issue with regard to the patent cases in general has been improved after the introduction of the new Intellectual Property court?

    ☐Yes ☐No:

14. Either Yes or no, please specify your reasons in the following blank?

    Reasons:____

15. Following the above question, please tell us what steps you think that are useful to make further improvements on the efficiency ground with regard to the patent cases?

    Suggestions:____

16. Please specify three factors that have greatest impact upon the efficiency of copyright cases and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

17. Do you think the above three factors with regard to the copyright cases are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

18. If yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

19. Do you think that the efficiency issue with regard to the copyright cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

20. Either yes or no, please specify your reasons in the following blank?

Reasons:____

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21. Following the above question, please tell us what you think are useful steps to make further improvements on the efficiency ground with regard to the copyright cases?

Suggestions:______________________________________

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Section IV Expertise Accounts

22. During your time in the Traditional court, in which way the patent cases adjudicated by you were resolved most likely?

☐Verdicts ☐Litigation Settlements ☐Private Settlements

☐Others_____________

23. During your time in the Intellectual Property court, in which way the patent cases adjudicated by you are resolved most likely?

☐Verdicts ☐Litigation Settlements ☐Private Settlements

☐Others_____________

24. Please specify three factors that lead the patent cases to certain resolution and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

25. Do you think the above three factors are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

26. If yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

27. Do you think that the expertise issue with regard to the patent cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

28. Either yes or no, please specify your reasons in the following blank?

Reasons:____

____

____

____

29. Following the above question, please tell us what you think are useful steps to make further improvements on the expertise ground with regard to the patent cases?

Suggestions:____

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____

30. During your time the Traditional court, in which way the copyright cases adjudicated by you were resolved most likely?

☐Verdicts ☐Litigation Settlements ☐Private Settlements

☐Others____________

31. During your time in the Intellectual Property court, in which way the copyright cases adjudicated by you are resolved most likely?

☐Verdicts ☐Litigation Settlements ☐Private Settlements

☐Others____________

32. Please specify three factors that lead the copyright cases to certain resolution and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

33. Do you think the above three factors are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

34. If your answer to the question 48 is yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

35. Do you think that the expertise issue with regard to the copyright cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

36. Either yes or no , please specify your reasons in the following blank?

Reasons:____

____

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37. Following the above question, please tell us what steps you think that are useful to make further improvements on the expertise ground with regard to the copyright cases?

    Suggestions:____

    ____

    ____

    ____

3 Questionnaires for Technical Examination Officers

Questionnaire for Technical Examination Officers

Date: (Y)____/(M)___/(D)____

Section I Background

1. Name: ________________ ☐Prefer to be anonymous
2. Sex:__________
3. Age:_______
4. Previously worked as _______________________for ____years
5. Months working in the Intellectual Property Court:______
6. Legal Professional Experiences:

   ☐Yes, as______________for ____years ☐No

7. Technical Professional Experiences:

   ☐Yes, as______________for ____years ☐No

Section II Categorization of Technical Experts

8. Approximately how many cases per month have you participated?

Approximately how many cases per month have you particiapted	In previous position	In the IP court
Patent		
Specifically Copyright		

9. Approximately the average value of subject matters in patent and copyright cases have you participated?(calculated by New Taiwan

Dollars)

Approximately the value of subject matters you have participated?	In previous position	In the IP court
Patent Cases		
Copyright Cases		

Section III Efficiency Accounts

10. Approximately how long does it take for you to finalize the report on the case?

Approximately how long does it take to finalize a report	In previous position	In the IP court
Patent Cases		
Copyright Cases		

11. Please specify three factors that have greatest impact upon the efficiency of patent cases and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

12. Do you think the above three factors with regard to patent cases are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

13. If yes, then how have they been done?

    Factor 1:____

    Factor 2:____

    Factor 3:____

14. Do you think that the efficiency issue with regard to the patent cases in general has been improved after the introduction of the new Intellectual Property court?

    ☐Yes ☐No:

15. Either Yes or no, please specify your reasons in the following blank?

    Reasons:____

    ____

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    ____

16. Following the above question, please tell us what steps you think that are useful to make further improvements on the efficiency ground with regard to the patent cases?

    Suggestions:____

    ____

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17. Please specify three factors that have greatest impact upon the

efficiency of copyright cases and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

18. Do you think the above three factors with regard to the copyright cases are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

19. If yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

20. Do you think that the efficiency issue with regard to the copyright cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

21. Either yes or no, please specify your reasons in the following blank?

Reasons:____

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22. Following the above question, please tell us what you think are useful steps to make further improvements on the efficiency ground with

regard to the copyright cases?

Suggestions:____

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Section III Expertise Accounts

23. Does the final ruling of the court correspond to your opinions? (Please specify the percentage if the answer is not an outright yes or no)

Does the final ruling of the court correspond to your opinions?	In previous position	In the IP court
Patent Cases		
Copyright Cases		

24. Please specify three factors that lead the patent cases to certain resolution and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

25. Do you think the above three factors are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

26. If yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

27. Do you think that the expertise issue with regard to the patent cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

28. Either yes or no, please specify your reasons in the following blank?

Reasons:____

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____

29. Following the above question, please tell us what you think are useful steps to make further improvements on the expertise ground with regard to the patent cases?

Suggestions:____________________________________

____

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____

30. Please specify three factors that lead the copyright cases to certain resolution and prioritize them according to their importance?

Factor 1:____

Factor 2:____

Factor 3:____

31. Do you think the above three factors are dealt with properly in the setting of the Intellectual Property court?

☐Yes ☐No:

32. If your answer to the question 48 is yes, then how have they been done?

Factor 1:____

Factor 2:____

Factor 3:____

33. Do you think that the expertise issue with regard to the copyright cases in general has been improved after the introduction of the new Intellectual Property court?

☐Yes ☐No:

34. Either yes or no, please specify your reasons in the following blank?

Reasons:____

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35. Following the above question, please tell us what steps you think that are useful to make further improvements on the expertise ground with regard to the copyright cases?

Suggestions:______________________________________

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4 Correspondence between Professor Wall and President Gao of the Taiwan IP Court

Dear President Gao:

I visited you late last year and I must thank you for your very kind hospitality. During my visit I was very impressed with your new IP court. It is a tremendous accomplishment and I am sure that it will be of great benefit to the commercial and legal sectors by significantly reducing the length of legal cases and resolving disputes early. As a legal academic I am very interested in its progress and development.

During our meet I mentioned that my PhD student, Yachi Chiang, is conducting her research project on the foundation and practice of the IP court. She has explored the available documentary information and I feel that it would be very beneficial to her research if she could conduct some interviews with individual judges and the technical experts. We are particularly interested in the professional relationships that have developed between the judges and experts, this is a unique development and one which be of great interest to other legal jurisdictions.

I anticipate that Miss Chiang's interviews will last up to one hour only as we are respectful that the Judges' and experts' time is valuable. I would be very grateful if you could permit to have access to the judges and experts, with their individual permission of course.

Yours Sincerely

Professor David Wall

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T aiwan Intellectual Property Court
3F, No.7, Sec.2, Citizen Rd,
Banciao Taipei County, 22041
Taiwan, R.O.C.
Oct 25, 2010

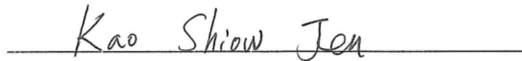
Professor David S. Wall
School of Applied Social Sciences
Durham University
32 Old Elvet Durham DH1 3HN,
The U.K.

Dear Professor Wall,

Thank you for your inquiry. I have directed your inquiry to IP Court judges and technical examination officers. It is our honor and pleasure to share IP adjudication experience with your PhD student, Yachi Chiang. Three IP Court Judges, who specialize in the domain of civil, criminal and administrative actions respectively, and the Chief Technical Examination Officer are willing to exchange IP-related ideas and working experience with your excellent student.

Please let us know your student's schedule. We look forward to seeing her soon. Should you require any further information, please do not hesitate to contact us.

Sincerely,



Kao Shiow Jen
President, Taiwan Intellectual Property Court