

Issue	Abolished TIER Rules	Rules under Contract Law and SPC Interpretation
Liability for Infringement	<p>Article 24 (3) of TIER</p> <p>The licensor is liable for any claims of infringing a third party's lawful rights made against the licensee resulting from the use of the imported technology.</p>	<p>Article 353 of Contract Law</p> <p>Where the use of a patent or technical know-how by the transferee infringes upon the lawful rights and interests of others, the transferor shall bear the liability, <b>unless otherwise agreed upon by the parties concerned.</b></p>
Ownership of Technology Improvements	<p>Article 27 of TIER</p> <p>Within the term of the technology import contract, ownership of any technology improvements belongs to the licensee.</p>	<p>Article 354 of Contract Law</p> <p>The parties to a technology transfer contract may, in accordance with the principle of mutual benefit, <b>agree upon the methods for sharing any technology improvements.</b> If there is no agreement or the agreement is unclear and the ownership of technology improvements cannot be determined in accordance with <b>Article 61 of Contract Law, no other parties are entitled to share technology improvements made by one party.</b></p> <p>[Note: Article 61 of Contract Law provides that the parties may enter into supplemental agreements for matters not agreed or unclearly agreed; if no supplement agreement can be reached, any unsettled issues shall be determined in accordance with relevant clauses of the contract or based on trade practices.]</p>
Prohibited Clauses	<p>TIER prohibits the following restrictive clauses from being included in a technology import contract:</p>	<p>SPC Interpretation provides that the following restrictive clauses constitute "illegal monopoly of technology or hindrance to technology advancement" as specified in Article 329 of the Contract Law which make a technology contract invalid:</p>
	<p>Article 29 (1) of TIER prohibits the foreign licensor from requiring the licensee to accept conditions which are not absolutely necessary for the importation of the technology, including the purchase of technology, raw materials, products, equipment or services which are not necessary for the use of the licensee.</p>	<p>Article 10 (4) of SPC Interpretation prohibits the foreign licensor from requiring one party to accept conditions which are not absolutely necessary for the importation of the technology, including the purchase of technology, raw materials, products, equipment or services which are not necessary for the use of the licensee, <b>and accepting personnel that are not necessary for the use of the licensee</b></p>
	<p>Article 29 (2) prohibits the foreign licensor from requiring the licensee to pay royalty or bear certain obligations for patents</p>	<p>Article 10 (6) of SPC Interpretation prohibits the foreign licensor from <b>forbidding or imposing conditions on the recipient's ability to question the validity of technology intellectual property.</b></p>

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	that are expired or are declared invalid.	[Note: Article 344 of the Contract Law provides that a patent license contract shall be <b>valid only within the validity period of the patent concerned</b> . Upon expiration of the valid term of the patent or if the patent is declared invalid, <b>the patentee shall not enter into any patent license contract with others in respect of the patent.</b> ]
	Article 29 (3) prohibits the foreign licensor from restricting the licensee from improving the licensed technology or using any improved technology	Article 10 (1) of SPC Interpretation prohibits the foreign licensor from restricting one part from conducting any new research and development on the basis of the technology or restricting one party from using any improved technology, <b>or containing unequal terms of exchanging the improved technology, including requiring one party to provide for free, or to transfer non-reciprocally, the technology improved by such party to the other party, or monopolizing or co-sharing the improved technology free of charge.</b>
	Article 29 (4) prohibits the foreign licensor from restricting the licensee from acquiring technology similar to, or in competition with, the technology provided by the licensor from other sources	Article 10 (2) of SPC Interpretation: Same as the rule under TIER
	Article 29 (5) prohibits the foreign licensor from unreasonably restricting the channels or sources from which the licensee may purchase raw materials, parts and components, products or other equipment.	Article 10 (5) of SPC Interpretation: Same as the rule under TIER
	Articles 29 (6) & (7) prohibit the foreign licensor from unreasonably restricting the production volume, type, or price of the licensee's products; unreasonably restricting the export channels of the licensee's products using the licensed technology.	Article 10 (3) of SPC Interpretation prohibits the foreign licensor from hindering one party from <b>sufficiently implementing the technology in reasonable ways according to market demand</b> , including obviously unreasonable restrictions on the volume, type, price, <b>sales channel or export market</b> of the products produced or <b>services</b> provided by the technology receiving party through implementing the technology.