

## Trademark Infringement and Unfair Competition in Form of Adoption and Use of a Company Name

### A. Trademark Infringement in Form of Adoption and Use of a Company Name

The acts of using the word(s) contained in a registered trademark as the name of one's own company, business, domain or any other name that identifies a business entity can cause confusion among the consumers and great injury to the trademark owner. To enhance the protection of well-known trademarks and harmonize with international laws and regulations, Article 70 of the Trademark Act was thus amended and promulgated on June 29, 2011 and has become effective since July 1, 2012. The complete provisions of that article of law are cited below:

*“Any of the following acts committed without the consent of the proprietor of a registered trademark shall be deemed to infringe the trademark rights:*

- 1. Knowingly using a trademark which is identical with or similar to another person's well-known registered trademark, and hence there exists a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark;*
- 2. Knowingly using the word(s) contained in a well-known registered trademark as the name of one's own company, business, group (association) or domain or any other name that identifies a business entity, and hence there exists a likelihood of confusion on the relevant public or a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark;*
- 3. Manufacturing, possessing, displaying, selling, exporting or importing labels, tags, packaging or containers that have not been applied in relation to goods or services, or articles that have not been applied in relation to services, knowing that such articles would likely infringe trademark rights as prescribed in Article 68.”*

The name of one's own company, business, group (association) as stipulated in Paragraph 2, Article 70 of the Trademark Act refers to the name of an entity that is established and registered with a competent authority under the Taiwan Company Act, Business Registration Act or other relevant laws and regulations. Although most of those names in dispute are registered in Chinese, the application of that article of Trademark Law is not limited to the Chinese company names because even an English name has the function of identifying the entity or source of the business and may be considered to be a representation identifying the entity or source of the business.

Compared with Article 70 of the current Trademark Act, Article 62 of the previous Trademark Act required that the acts of using and registering a company name would be deemed as a type of trademark infringement only if such acts dilute the distinctiveness or reputation of a well-known trademark or cause confusion to relevant consumers of goods or services of a registered trademark. Under the Article 62 of the previous Trademark Act, the concerned trademark owner shall bear the burden of proof to verify that dilution of the distinctiveness or reputation of his/her

well-known trademark or confusion to relevant consumers of goods or services of his/her registered trademark has actually occurred in order to establish a claim of trademark infringement. However, it is very difficult for the trademark owner to prove the existence of such dilution or confusion. In order to avoid flaws in the protection of well-known trademarks, Article 70 of the current Trademark Act provides that an act is deemed trademark infringement if the owner of a well-known registered trademark could prove likelihood of dilution of the distinctiveness or reputation thereof.

According to Item 2, Article 62 of the previous Trademark Act, an act would be deemed as trademark infringement when knowingly using the word(s) contained in a registered trademark, without the trademark owner's consent, as the company name, trade name or domain name or any other representation identifying the entity or source of whose business, and hence causing confusion to relevant consumers of goods or services thereof. Accordingly, the owner of a registered trademark can abuse its legal right under the following situations: i) some trademark owners misuse their rights to issue a cease-and-desist letter; ii) some judges gave their opinions in judgments stating that since a registered trademark is required to be published in an appropriate issue of the Trademark Gazette, any third party can be aware of the registered trademark and its owner if he/she searches the trademark registration information before registering its English company name. As a result, it can be easily inferred that the said party knowingly used the trademark as his/her English company name given that the trademark has been registered prior to the registration of his/her English company name. To prevent from over-protection of a registered trademark, Item 2, Article 62 of the previous Trademark Act was deleted and replaced by Paragraph 2, Article 70 as mentioned above so as to scale down the protection to a registered well-known trademark.

Since the current and previous versions of Trademark Act adopt a different standard in determining the existence of infringement by registering a company name, an interesting question will arise then if, without the trademark owner's consent, a third party registers an English company name with the competent authorities of foreign trades before the current Trademark Act came into force, and the trademark owner initiates a claim based on trademark infringement after the latest the Trademark Act has come into force, under the foregoing circumstances, whether the previous Trademark Act or the current Trademark Act shall apply? The following rule has been developed by the court:

If the tortious act of the said third party is in a continuous status, the current Trademark Act shall apply.

1. According to Judgments of Taiwan Taipei District Court 2007 Ji No.94, Taiwan High Court 2005 Ji Shang Yi No. 5 and Taiwan Supreme Court 1998 Tai Shang No.2319, “ --- if the act of infringement, which is the subject for a removal claim, still exists, then the inquiry whether the infringement is hazardous shall be judged by the current situation pursuant to the latest Trademark Act”.
2. If the said third party is still utilizing the registered well-known trademark as his/her English company name for identifying his/her business or the source of goods or services, the infringement and hazard have not ceased and still exist. According to the abovementioned Judgments, if the infringement or hazard is still continuing, such act would be adjudicated by the current Trademark Act. The trademark owner shall adopt relevant provisions prescribed in the current

Trademark Act to protect the trademark rights.

By a literal construction of the provisions of the Paragraph 2, Article 70 of the current Trademark Act, certain requirements shall be present for the applications of that article:

1. A wrongdoer has the knowledge that the word(s) he/she used is contained in a well-known registered trademark.
  - (1) It shall be noted that “Knowingly using” the word(s) contained in a well-known registered trademark” is differentiated from “maliciously using”. “Maliciously using” is not required in the said Paragraph 2, Article 70 as a subjective criterion.
  - (2) According to the Judgment of IP Court 2011 Ming Shang Su No.4 and Taiwan High Court 2003 Ji Shang No.1, since registered trademarks are required to be published in an appropriate issue of the Trademark Gazette, a wrongdoer should have known that the word(s) he/she used is contained in a registered trademark if he/she searched the trademark registration information before registering its English language company name. As a result, it can be inferred that the wrongdoer had the knowledge that the word(s) he/she used is contained in a registered trademark owned by someone as shown in the Trademark Gazettes, and intentionally utilized such word(s) as a part of its English language company name. Thus, the wrongdoer should not be allowed to avoid the liability by the excuse of being ignorant of the fact.
2. The word(s) used by the wrongdoer is contained in a well-known registered trademark.
  - (1) The term “well-known” specified in the Trademark Act refers to a mark that has been commonly recognized by the relevant enterprises or consumers based on sufficient evidence in proof thereof.
  - (2) According to the Examination Guidelines for the Protection of Well-known Trademarks, we may note the following information: As for the question whether the trademark has been filed for registration or has been registered or has been used in Taiwan, it is not a pre-condition for determining whether the trademark is well-known. Moreover, evidence of use of a trademark must include a representation of the trademark and a date, or be supplemented by any materials that may be used to identify the trademark as used and the date of use. Such evidence of use is not limited to domestic materials. Apart from the above, the determination of well-known trademarks should be made on a case-by-case basis and by taking into consideration the following factors as a whole: (i) The strength of the distinctiveness of the trademark; (ii) The extent to which the relevant enterprises or consumers know or recognize the trademark; (iii) The duration, scope, and geographical area of use of the trademark; (iv) The duration, scope, and geographical area of promotion of the trademark; (v) Whether the trademark has applied for registration or the trademark has been registered, and its term, scope, and geographic area that are registered or being registered; (vi) Any record of successful enforcement of trademark rights, especially the fact that the trademark has

been recognized as a well-known one by an administrative or judicial authority; (vii) The value of the trademark; (viii) Other factors that could be considered in determining whether a trademark is well-known.

- (3) The following materials may serve as supporting evidence: advertising materials bearing the well-known registered trademark in dispute, relevant survey reports on the well-known registered trademark in dispute provided by a credible organization, evidential materials relating to the locations of sale, trade channels, and orientation of places of sale for the goods/services bearing the well-known registered trademark in dispute (if such locations are geographically close to Taiwan and have close interaction in business or tourism and have similar backgrounds in culture and language), etc.
3. The wrongdoer's act is likely to confuse the consumers and impair the distinctiveness or reputation of the well-known registered trademark.
    - (1) The wrongdoer's act is likely to confuse the relevant consumers.
      - i) According to the Examination Guidelines on "Likelihood of Confusion", Point 4 "Factors to be considered when judging the likelihood of confusion" thereof provides that: in judging whether two trademarks are likely to cause confusion, eight relevant factors for consideration are listed below after referring to the relevant factors stated in domestic and foreign precedents: (1) level strength of distinctiveness of the trademark(s); (2) whether the trademarks are similar and if yes, the extent degree of similarity between them; (3) whether the goods/services are similar and if yes, the extent degree of similarity between them; (4) status of the diversified operation of the prior right holder; (5) circumstances of actual confusion; (6) the extent to which relevant consumers are familiar with the trademarks concerned; (7) whether the applicant of the trademark at issue in question has filed such application in good faith; and (8) other factors that may cause confusion. As for the question whether the goods or services are similar and the extent of their similarity, the said Guidelines prescribe that: Similar goods refers to the goods that are common or related in functions, raw materials, manufacturers or other factors. If the goods of this kind are labeled with an identical trademark or similar trademarks, and they, according to general concepts prevailing in the society or trading situations in the marketplace, will likely cause consumers of goods to misidentify them as goods from the same source, or different but related sources, these goods are deemed to have a similar relationship. Likewise, the expression similar services refers to the services that are common or related in the satisfaction of consumers' needs, services provider or other factors. If the services of this kind are labeled with an identical trademark or similar trademarks, they, according to general concepts prevailing in the society or trading situations in the marketplace, will likely cause service consumers to misidentify them as services from the same source, or different but related sources.
      - ii) Further, in accordance with general perception and trading practice,

when general consumers see the wrongdoer's English language company name, if they would believe that such name relates to a well-known registered trademark, and would confuse the origin of the trademark owner's products with the wrongdoer's service, or be mistaken in that the trademark owner's products and wrongdoer's service were from the same origin, and even develop a mistaken belief that there is an affiliation, license, franchise or other relationships between the trademark owner and the wrongdoer, confusion is likely to be caused between the wrongdoer's English company name and the said well-known registered trademark (refer to Articles 3.1 and 3.2 of the Examination Guidelines on Likelihood of Confusion).

iii) According to Articles 5.3.2 and 5.3.3 of the Examination Guidelines on Likelihood of Confusion: "The classification of goods or services is for the convenience of administrative management and search purpose. The classification is not absolutely meant to serve as a limitation on the determination of similar goods or services. It is therefore prescribed in Article 17-6 of the previous Trademark Act that the 'determination of similar goods or services is not restricted by the classification of goods or services specified in the preceding Paragraph'. Thus, goods or services falling in the same class may not necessarily be similar to each other". "For the purpose of defining the scope of goods or services, which need to be cross-searched when two trademarks are identical or similar, 'Reference Material for Search of Similar Goods and Services' was published based on the concept of similarity groups and categories. Although the publication is important for judging if goods or services are similar, it shall be noted that the main purpose of the publication is for search as specified in the Preface. Each case shall be judged depending on the general concepts prevailing in the society, the trading situations in the marketplace, and all relevant factors related to the goods or services". In addition, according to Article 5.3.11 of the same Guideline, "Goods can also be deemed similar to certain services. For example, if services are intended to cover the sale, installation or repair of certain goods, there is a similarity between the services and the goods". The above statement is supported by a civil Judgment of Taiwan High Court 2005 Ji Shang Yi No.5.

(2) The wrongdoer's act is likely to impair the distinctiveness or reputation of said trademark.

i) According to a Judgment of Taiwan Taipei District Court 2007 Ji No.94, Paragraph 1, Article 62 of the previous Trademark Act codified the theory of trademark dilution in the law and broadens the limitation of trademark usage. In other words, Article 62 of the previous Trademark Act, in particular the theory of trademark dilution has given a broader protection to famous trademarks. Protection is not limited to the identical or similar products. Article 62 of the previous Trademark Act, in particular, the theory of trademark dilution prevents the distinctiveness or characteristics of the famous mark from dilution, and protects the reputation of a famous trademark from being defiled] or damaged. Therefore, Article 62 of the previous Trademark Act, in

particular, the theory of trademark dilution safeguards long-term tangible/intangible value established by a famous mark.

- ii) In addition, according to the Judgment of IP Court 2009 Ming Shang Shang Geng (2nd) No.5, so-called impairing the distinctiveness of a famous trademark as regulated in Paragraph 1, Article 62 of the previous Trademark Act includes a situation where third party utilizes the words contained in a famous trademark as its company name for identification of its origin or business entity, therefore weakening the characteristic and image of a trademark as a clear identification of a single product or service and resulting in that said trademark would refer to more than two origins, therefore weakening or diluting the distinctiveness of the famous trademark.
- iii) Paragraph 1, Article 62 of the previous Trademark Act and Paragraph 2, Article 70 of the current Trademark Act both stipulate that the act of impairing the distinctiveness or reputation of a famous trademark is resulted from utilizing the words contained in a famous trademark as its company name or the identification of its business entity or origin, making such trademark being referred to multiple origins, hence weakening or diluting the distinctiveness of the famous trademark. It is not necessary for the Defendants to utilize the famous trademark in identical or similar products or services. The aforementioned Judgment of IP Court 2009 Ming Shang Shang Geng (2nd) No.5 also holds the same opinion.

#### B. Unfair Competition in Form of Adoption and Use of a Company Name

The same act of trademark infringement as mentioned above may simultaneously give rise to a claim under Article 20 and Article 24 of the Taiwan Fair Trade Act (“Fair Trade Act”), as illustrated below:

##### 1. Subparagraph 1 and 2, Paragraph 1, Article 20 of the Fair Trade Act

- (1) According to Subparagraphs 1 and 2, Paragraph 1, Article 20 of the Fair Trade Act, no enterprise shall take any of the following acts with respect to the goods or services it supplies:
  - i) Using in the same or similar manner, the personal name, business or corporate name, or trademark of another, or container, packaging, or appearance of another's goods, or any other symbol that represents such person's goods, commonly known to relevant enterprises or consumers, so as to cause confusion with such person's goods; or selling, transporting, exporting, or importing goods bearing such representation;
  - ii) Using in the same or similar manner, the personal name, business or corporate name, or service mark of another, or any other symbol that represents such person's business or service, commonly known to relevant enterprises or consumers, so as to cause confusion with the facilities or activities of the business or service of such person.
- (2) According to the aforementioned Judgment of Taiwan High Court 2005 Ji

Shang Yi No. 94, the elements for violating Subparagraphs 1 and 2, Paragraph 1, Article 20 of the Fair Trade Act include: the trademark of one person is famous, and a business uses an identical or similar trademark in supplying its products or services and therefore causes confusion with respect to the commodities or activities of such person. The “confusion” as elaborated in the above regulation is not limited to providing the same or identical products or services.

## 2. Article 24 of the Fair Trade Act

- (1) Article 24 of the Fair Trade Act regulates that “In addition to what is provided for in this Law, no enterprise shall otherwise have any deceptive or obviously unfair conduct that is able to affect trading order”.
- (2) According to the aforementioned Judgment Taiwan High Court 2005 Ji Shang Yi No. 5, the term “Deceptive” as used in the said Article 24 refers to the acts of engaging in trade with trading counterparts by misleading them through active deception or through passive concealment of material trading information. Common types of such acts include impersonating or free riding on the credibility of another entity. The term “Obviously unfair” refers to engaging in competition or commercial transactions by obviously unfair means, the most common and concrete types of which fall into three general categories: (i) Free riding on the business reputation of another, (ii) Imitation to a substantial degree, or (iii) Acts of taking advantage of the work of another person to promote one’s own goods or services (refer to the Point 6 and Point 7 of the Disposal Directions (Guidelines) on the Application of Article 24 of the Fair Trade Act).
- (3) Secondly, the application of Article 24 of Fair Trade Act is not limited to providing the same kind of products or services. According to a Decision 2002 No. 091208 against GIORDANO Optical Company rendered by the Fair Trade Commission (hereinafter referred to as "FTC"), the respondent set up a company named “GIORDANO” and engaged in the business of selling glasses, while the petitioner has been utilizing its “GIORDANO trademark in shoes, clothes, hats and purse and has achieved a well-known status among relevant enterprises and consumers, and FTC held that “The respondent took free ride of... petitioner’s effort of advertising and marketing its trademark for more than 20 years by utilizing “GIORDANO” as the particular part of its company and promoted the sales of glasses and relevant products. It is obvious that respondent takes free ride on the work of petitioner to promote their business. Even if their products and market segregation are different and consumers would not confuse the origin of the products, such conduct is still against business ethics and is an obvious unfair conduct that is able to affect trading order which violates the Fair Trade Act”. As a result, application of Article 24 of the Fair Trade Act is not limited to competing businesses providing similar products or services. Even if their products and market segregations are different and cause no confusion, such act may also be considered as taking advantage of the work of another person or taking free ride of another’s business reputation.
- (4) In addition, even if the company name itself has specified a different

business scope, it would also violate Article 24 of the Fair Trade Act if it will dilute another's well-known symbol recognized by relevant business or consumers, regardless of whether such act would cause confusion among consumers or affect another's business. In the FTC decisions 2001 No. 122 against Formosa Plastics Gas Station Corp. and 2001 No. 105 against Taiwan Tanabe Food Co., the respondents were fined for violating Article 24 of the Fair Trade Act. FTC held that even if the company name has specified different business, the well-known symbol would also be diluted, and therefore certain regulations of the Fair Trade Act were violated. As stated above, it would still violate Article 24 of the Fair Trade Act even if the respondents have specified different business scope in their company name.

### C. Discussion on the relevant Issues

Whether using an English company name, which has been registered with the competent authority, would not involve a concern of trademark infringement or unfair competition? In other words, can the application of the Trademark Act or Fair Trade Act be precluded by the wrongdoer's act of registering its English company name with the Bureau of International Trade, MOEA, according to Regulations Governing Registration of Exporters and Importers?

Furthermore, can the application of the Trademark Act be precluded by the following reasons? (1) The wrongdoer has checked the Bureau of International Trade according to Regulations Governing Registration of Exporters and Importers before registering its company name; (2) Since the regulation and review of company names provided in the Taiwan Company Act has no connection with the Trademark Act, the wrongdoer's reliance on an approved English name registration of his/her company should be protected under the principle of reliance protection.

Comments on the aforesaid issues are summarized below:

1. In view of the fact that the competent authority of Trademark registration is Intellectual Property Office, MOEA, and that an English company name registration is governed by the Bureau of International Trades, MOEA, the authorities and applicable laws for registrations of trademarks or English company names are different, so as the rules of registration/enrollment thereof. As a result, even if an English company name has been registered with the Bureau of International Trades, MOEA, such name may still constitute trademark infringement.
2. The principle of reliance protection is a concept adopted for administrative procedures and is not applicable in trademark infringement cases. Such a view is further supported by the relevant articles developed during the course of legislative history as mentioned above. For instance: According to Article 63 of the previous Trademark Act amended and promulgated on July 4, 1972 by Presidential Order, the act of "Maliciously using the word(s) contained in a registered trademark as the name of one's own company or business name and engaged in the same or similar business shall be sentenced to imprisonment or detention for less than one year or fined an amount of less than 2000 Yuan if the wrongdoer refuses to apply for change of registration after receipt of the request of the right holder". Apparently, such act was considered as trademark

infringement and punishable by criminal penalty. Moreover, both Article 62 of the previous Trademark Act amended and promulgated on May 28, 2003 by Presidential Order and Article 70 of the current Trademark Act also regulate that using the word(s) contained in a registered trademark as one's own company name that identifies a business entity would be regarded as a tortious action.

3. According to aforementioned Judgment of Taiwan High Court 2005 Ji Shang Yi No. 94, the regulatory purpose of the Company Act or Business Registration Act is different from that of the Fair Trade Act. In the reason of legislation regarding Paragraph 1, Article 18 of the Company Act, it was elaborated that "If the company name was involved in unfair competition, it shall be governed by the Fair Trade Act or Civil Act, and it is not related to the exclusive right granted by administration to use a particular name". Although the English company name is not registered according to the Company Act or Business Registration Act, since by nature it is also an exclusive right rendered by administration, the aforementioned reasoning shall be applied.
4. The FTC also illustrated in its decision against GIORDANO Optics for violating the Fair Trade Act that "The Corporation Law and the Fair Trade Act, however, had different regulatory purposes. If a corporate name was used with the intent to aggressively trade upon another person's distinctive business reputation and to exploit such person's goodwill, such act should be subject to the regulation of the Fair Trade Act. Therefore, the respondent could not claim to be exempted from liability because its corporate name had been reviewed and approved by the competent authority pursuant to the Corporation Law".
5. According to the above, the competent authority of business registration will not conduct, and has no legal right to conduct, substantive examination as to whether a company name violates the Trademark Act, Fair Trade Act or other regulations. As a result, people may not make disclaimer on the basis of their registered business name.

#### D. Conclusion

Based on the foregoing, a conclusion is made to the aforesaid issue that the application of the Trademark Act or Fair Trade Act cannot be precluded by the wrongdoer's act of registering its English company name with the Bureau of International Trade, MOEA, according to Regulations Governing Registration of Exporters and Importers. In other words, even if an English company name registration is completed with the competent authority, it may still be vulnerable to trademark infringement or unfair competition.

#### *Remarks:*

*An introduction to the course of major changes and development with regard to the legislative history of the Taiwan Trademark Act ("Trademark Act") is provided as follows:*

*Article 63 of the previous Trademark Act amended and promulgated on July 4, 1972 by Presidential Order: "Maliciously using the word(s) contained in a registered trademark as the name of one's own company or business name and engaged in the same or similar business shall be sentenced to imprisonment or detention for less than one year or fined an amount of less than 2000 Yuan if the wrongdoer refuses to apply for change of registration after receipt of the request of the right holder."*

*Article 65 of the previous Trademark Act amended and promulgated on May 26, 1989 by Presidential Order: “Maliciously using the word(s) contained in a registered trademark as the name of one’s own company or business name and engaged in the same or similar business shall be sentenced to imprisonment or detention for less than one year or fined an amount of less than NTD 50,000 if the wrongdoer refuses to stop such use after receipt of the request of the right holder.”*

*Article 62 of the previous Trademark Act amended and promulgated on May 28, 2003 by Presidential Order: “A trademark right infringement shall be deemed to have occurred where consent of trademark right holder is absent from any of the following conditions:*

- 1. Knowingly using a trademark which is identical or similar to a well-known registered trademark of another person, or using the word(s) contained in the said well-known trademark as the company name, trade name or domain name or any other representation identifying the body or source of whose business, and hence diluting the distinctiveness or reputation of the said well-known trademark; or*
- 2. Knowingly using the word(s) contained in a registered trademark of another person as the company name, trade name or domain name or any other representation identifying the body or source of whose business, and hence causing confusion to relevant consumers of goods or services thereof.”*

*Paragraph 2, Article 70 of the current Trademark Act amended and promulgated on June 29, 2011 by Presidential Order: “Any of the following acts committed without the consent of the proprietor of a registered trademark shall be deemed to infringe the trademark rights:*

- 1. Knowingly using a trademark which is identical with or similar to another person’s well-known registered trademark, and hence there exists a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark;*
- 2. Knowingly using the word(s) contained in a well-known registered trademark as the name of one’s own company, business, group (association) or domain or any other name that identifies a business entity, and hence there exists a likelihood of confusion on the relevant public or a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark;*
- 3. Manufacturing, possessing, displaying, selling, exporting or importing labels, tags, packaging or containers that have not been applied in relation to goods or services, or articles that have not been applied in relation to services, knowing that such articles would likely infringe trademark rights as prescribed in Article 68.”*