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From BANANE HERMES to 'Crying CHANEL': is trademark parody allowed?

[Formosa Transnational - Taiwan](#)

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Investment in the cultural and creative industries in Taiwan has grown significantly, especially in 2014 (for further details please see "[Increasing investment in the cultural and creative industries](#)"), and it is hoped that this growth will continue. While local laws and rules set the boundaries of legal protection for IP rights and guard against infringement, court decisions provide practical guidance on the scope of what can and cannot be done – especially in fact-intensive cases such as trademark disputes.

Creative ideas often involve parody – an act of imitation which criticises or pays homage to an original work – in order to express the creator's opinions, comments or humour. IP issues can be raised if such parody forms part of a business. For example, what if a creator wants to use an imitative logo to commercialise its creative works? What if this would generate high revenues? Is it possible to put money into this plan and avoid legal risks? Can parody be claimed as a basic right like freedom of speech, or as a limitation on IP rights like fair use?

In Taiwan, the issue of parody mostly arises in copyright cases – in which fair use rules – there is much less discussion of this issue in the trademark field. However, the recently concluded 'Crying CHANEL' trademark dispute is a good example of parody under trademark law.

The dispute arose in 2012, was filed with the courts in 2013 and was ruled on by the district court in mid-2014. Finally, at the end of 2014 the IP Court found the defendant, who had sold bags bearing a logo imitating the CHANEL mark (see below), guilty and imposed a six-month prison sentence.



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The defendant imported handbags and paper bags (see below) from China and sold them in Taiwan.



Both types of bag bore a logo which looked like a melting double C (nicknamed the 'Crying CHANEL' image) on the outside, while the tags and the inside of the bags bore logos of pumpkins with the wording "Halloween - Make life more interesting - New York since 2007" (see below).

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The defendant used a pumpkin logo with the wording "HLW - Make life more interesting - New YorkXTaipei" since 2007 (below) and registered a pumpkin HLW trademark (below) in Taiwan to sell the handbags on the products' brochure, website, shop and paper bags.



The defendant was accused of criminal liability incurred by infringing the CHANEL mark.

The district court found the defendant not guilty. The court considered the use of the Halloween pumpkin logos in the shops and on the packaging, and concluded that the defendant had no criminal intent to confuse customers, and that customers would not be misled into believing that goods bearing the Halloween pumpkin which looked like the Crying CHANEL logo were original or authorised goods of CHANEL. The court concluded that the case had no criminal element and thus should be heard by the civil courts as a trademark infringement suit.

However, on appeal the IP Court reversed the district court's decision, finding the defendant guilty because the appearance of the handbags and the Crying CHANEL logo was misleading. Although the defendant argued that the use of the Crying CHANEL logo was a parody, the IP Court found this argument insufficient to establish that the Crying CHANEL logo made a cultural contribution or had social value which would require the limitation of trademark protection. The IP Court concluded that the defendant's use of the Crying CHANEL logo was mere free riding on Chanel's reputation.

Crying CHANEL is the second famous case involving trademark parody in Taiwan. In the first, nicknamed '*BANANE HERMES*', the defendant used a logo that replaced the carriage of the HERMES trademark with a banana. The case came to prominence because a Taiwanese celebrity chose BANANE bags as wedding gifts for her guests. During the criminal proceedings, the defendants pled guilty and settled with Hermes. Therefore, there was no opportunity for the courts to analyse the issue of parody under trademark law.

It has not yet been established whether trademark parody is acceptable in Taiwan. As a result, before creators step into the field, they should have their business plans examined by local counsel in order to minimise any legal risks and ensure that their ideas bring them high – and low-risk – profits.

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