

**Owners of registered trademarks can claim under Article 25 of the Fair Trade Act**

**Formosa Transnational - Taiwan**

**Yulan Kuo, Ching-I Lu**

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The Fair Trade Act identifies and addresses many types of unfair trade action. Of these, two types relate to trademarks. The first is where a party copies the well-known symbol of another. Article 22 of the new Fair Trade Act refers to this type of unfair trade action as “symbol imitation”. The other type of unfair trade action described is where a party exploits another’s reputation, which is described in Article 25 of the new Fair Trade Act as “free-riding”.

In the past, where well-known symbols obtained trademark registrations, the Fair Trademark Commission (FTC) was often reluctant to deal with these kinds of case through the application of Article 22, as the FTC believed that the Taiwan Intellectual Property Office (TIPO) was responsible for such complaints. Thus, previously there were few administrative decisions issued based on the application of Article 22 by the FTC. However, the FTC did render administrative decisions after applying Article 25, as the free-rider unfair action was deemed to be different from the symbol imitation unfair action. In addition, the owner of a registered well-known mark could still assert its rights in a civil suit based on Article 22 of the new Fair Trade Act and the Trademark Act.

The new Fair Trade Act became effective in 2015. Article 22(2) stipulates that once a symbol obtains a trademark registration, its owner cannot assert a claim based on Article 22. Thus, the rights holder could not assert its trademark rights based on Article 22 either in an administrative procedure before the FTC or by making a claim in a civil suit before the courts. Moreover, some contended that once a symbol was registered as a trademark, the rights holder was prohibited from asserting its rights based on Article 25 of the Fair Trade Act, despite the lack of any clear regulations in this regard. Could this situation reflect a correct reading of the Fair Trade Act? Is a rights holder indeed limited to raising claims based on the Trademark Act and precluded from asserting rights under the Fair Trade Act, whether based on Article 22 or Article 25?

In a recent case (105 tai shan zi 81) the Supreme Court held that a registered rights holder can assert its rights based on Article 25 of the new Fair Trade Act, as the new act only restricts the owner of a registered trademark from claiming its rights based on Article 22. Thus, the question of whether a registered trademark owner can assert its rights based on Article 25 of the new Fair Trade Act, where an infringer is free-riding on the rights holder's reputation, has been answered in the affirmative.

The Supreme Court decision has been welcomed by registered rights holders. In recent years, there has been an increase in the number of non-traditional trademark disputes in Taiwan. A product with an attractive appearance has become a vital factor in commercial success. Some companies apply to register their product packaging or product designs as a trademark. However, most companies do not understand or remain unaware that product packaging or designs can be registered as a trademark, and often, after a new creative product design becomes popular, imitations soon follow.

Although the appearance of a product can be registered as a trademark, there is still some risk involved in asserting the right in such a trademark, especially where an allegedly infringing product package or product design is not sufficiently similar to sustain an allegation of infringement.

In any event, the rights holder still often needs to assert its rights based on the Fair Trade Act, and it is not proper to limit a rights holder to asserting its rights based only on the Trademark Act. In fact, limiting a rights holder as such places it in a difficult situation when deciding whether to file an application to register such product package or product design trademark. Thus, when a company contemplates whether to apply for trademark registration, it should also consider whether it would be able to assert its trademark rights under the Fair Trade Act.

**For further information please contact:**

Yulan Kuo  
Formosa Transnational  
[www.taiwanlaw.com](http://www.taiwanlaw.com)  
Email: [yulan.kuo@taiwanlaw.com](mailto:yulan.kuo@taiwanlaw.com)  
Tel: +886 2 2755 7366



Yulan Kuo



Ching-I Lu



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