

This article was published in the *International Law Office IP Newsletter* on June 24, 2013.

Intellectual Property - Taiwan

Does 'sell-back' does constitute trademark infringement?

Contributed by Lee and Li Attorneys at Law

According to the Trademark Act, the use of a logo which is identical or similar to a registered trademark on the same or similar goods, or the sale, display, possession, import or export of these goods with the intention to sell without the consent of the registered trademark owner in Taiwan, will constitute trademark infringement, and will be subject to civil and criminal liabilities.

However, whether sell-back constitutes trademark infringement remains an unsettled issue in Taiwan. 'Sell-back' refers to the situation of the original equipment manufacturer (OEM), whereby products are manufactured and/or packaged in Taiwan, but not sold or circulated in Taiwan.

While the Trademark Act itself is silent on this issue, some court judgments advocate that OEM products ordered by and shipped to the owner of a trademark registered in foreign countries, without the distribution of such products in Taiwan, does not constitute infringement against the prior conflicting rights. The Intellectual Property Office and the Intellectual Property Court also support this point of view. However, certain other courts have rendered judgments to the contrary.

Manufacture or export of OEM products is the possible exception to trademark infringement. Nonetheless, the courts have accepted such an exception so far, based only on the condition that OEM products ordered by and shipped to the owner of a trademark registered in foreign countries are not shipped to other countries or areas.

Only public prosecutors or judges are entitled to determine whether there is trademark infringement. Accordingly, Customs, the police or any other judicial authorities will not necessarily accept a sell-back defence, and may still proceed with criminal proceedings or seize the suspected infringing products and transfer the case to the courts for further investigation and trial.

Since all exported products must declare trademarks on the export declaration, Customs will still check trademark issues. Accordingly, the risk of trademark infringement accusation will exist for any trademarks, brand names, sub-brands, flavour names or tag-lines once they appear to be confusingly similar to other registered trademarks in Taiwan.

For further information on this topic please contact Ruey-Sen Tsai at Lee and Li Attorneys at Law by telephone (+886 2 2715 3300), fax (+886 2 2718 7099) or email (rueysentsai@leeandli.com).