

# Wisdom News

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## Taiwan



### “Reverse Confusion” in Taiwan – The Taiwan Supreme Administrative Court Finds it Violates First-to-file Principle (2016 Pan Zi Decision No. 465)

“Reverse confusion” is another form of trademark infringement. Unlike traditional infringement, “reverse confusion” occurs where a relatively small and weak company (the “senior user”) has been using a trademark for many years, and a big and well-known company enters into the market (the “junior user”) with a confusingly similar trademark. The public is confused and misled into believing that the senior user's goods or services originate from the junior user. When general consumers are more familiar with the later-filed trademark and both marks are in the same class of goods and/or services, the later-filed mark causes likelihood of confusion with the existing trademark. Hence, revocation requests can be filed to eliminate the registered trademark's rights.

The concept of “reverse confusion” originates from the United States and has stirred up considerable controversy in Taiwan actual practices. The Taiwan Judicial Yuan has discussed “reverse confusion” at the Intellectual Property Law Forum 2015, yet no consensus was made. In 2014, the Taiwan Intellectual Property Court Decision (Xing Shang Su Zi No. 137) approved the principle of “reverse confusion”. However, the decision was revoked by the Supreme Administrative Court Decision in 2016 (2016 Pan Zi Decision No. 465) as the Court found the reverse confusion principle violates the “first-to-file principle” and shall not apply to future

court cases.

The Subject Trademark (App. No. 100043286)	The Cited Mark (Reg. No. 01372770)
	
Trademark Applicant: TAKARA HOLDINGS INC.	Trademark Right Holder: KUO-SUNG LU
Class 33: Alcoholic beverages (except beers)	Class 33: alcoholic beverages containing fruit; Maotai (Chinese liquor) ; wine; aperitifs; alcoholic beverage before meal; liqueurs; sweet wine; distilled beverages; alcoholic beverages (except beers); rosé wine; white wine; alcoholic drinks (except ale and beer); red wine; mead; piquette; amur grape wine; fermented alcoholic beverage; reprocessed alcoholic beverages

A Japanese vintner filed the trademark application of “” (“the subject mark”) with the Taiwan Intellectual Property Office (IPO). By comparing the subject mark to the prior-registered mark “” (“the cited mark”), both marks contained the English word “MIO” and were regarded as similar trademarks. Also, both marks were in Class 33 and covered similar designated goods, which resulted in likelihood of confusion for consumers. As the subject mark violated Article 30-1(10) of the Taiwan Trademark Act, it could not be registered.

The applicant of the subject mark appealed to the Intellectual Property Court and the Court judged that the similarity of the two marks was low. On the other hand, the subject mark had been put into use on the designated goods for an extensive period, and goods of the applicant have gained recognition through marketing and advertising. According to general social standards and market activities, the buying public should be able to identify the designated goods of the two trademarks are not originate from the same or closely related source. Since the subject mark did not cause likelihood of confusion, the court revoked the administrative appeal and the IPO’s administrative action.

The IPO was dissatisfied with the Intellectual Property Court’s decision and appeal to the Supreme Administrative Court, where the Court revoked the Intellectual Property Court’s decision. Apart from the subject and cited marks were similar, the decision recognized the “first-to-file principle” adopted by the Taiwan Trademark Act. Although the prior registered mark is far from famous or known to the buying public, the cited mark owner is entitled to his legal right and the original decision obviously violated the “first-to-file

principle”.

Furthermore, the Supreme Administrative Court clearly stated that only the “first-to-file principle” should be followed and the court would not protect the later-filed mark on the basis of “reverse confusion” concept. The later-filed trademark cannot use its brand name and market strength to abolish the rights of a registered trademark. This is to ensure fair competition and avoid big corporations with massive marketing and advertising campaign to “steal” the senior user’s trademark.

### Wisdom’s Commentary and Suggested Strategies

Although the Intellectual Property Court prefers to adopt the concept of “reverse confusion”, the Supreme Administrative Court adheres to the “first-to-file principle” as in the Trademark Act. The court protects the prior-filed mark and not to give extra protection to the more recognized later-filed mark even though the consumers are less familiar with the prior-filed trademark.

From a business strategic point of view, it is advisable for companies to file applications for their trademarks to receive trademark protections as soon as possible.

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