

The Grand Chamber's Unified Interpretation of “the Definition of Well-known Trademarks” — Supreme Administrative Court Ruling 2022 (No. 111-Da-1)

The Supreme Administrative Court convened its first-ever oral argument on February 17th 2023 overruling the previous interpretation of the trademark law “Defining Well-known Trademarks,” and making the No. 111-Da-1 ruling.

I. Legal Discrepancy:

Should the degree of well-knownness of a “well-known trademark” in the **latter** part of Article 30, paragraph 1, Subparagraph 11 of the Trademark Act (hereinafter referred to as the Act) imply exceeding the extent of being recognized by relevant consumers and reaching the extent of being recognized by general consumers in order for the regulations specified in the latter part to be applicable?

II. Supreme Administrative Court No. 111-Da-1 Ruling Bottom Line:

“The term ‘well-known trademarks,’ from the latter part of Article 30, Paragraph 1, Subparagraph 11, refers to a trademark that has sufficient objective evidence to identify it as widely recognized by relevant businesses or consumers. **The trademark does not have to reach the extent of being widely recognized or known by general consumers for the regulations specified in the latter part of the aforementioned Subparagraph to be applicable”.**

III. Case Background

1. In 2019, Valentino S.p.A, an Italian company, filed an opposition to the TIPO (Taiwan Intellectual Property Office) against “Giovanni Valentino,” an already-registered trademark owned by British citizen, Annabella Valentino, as they were concerned of “confusion and misidentification” between such a trademark and Valentino S.p.A’s renowned “Valentino” trademark, and they also believed this

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trademark could “dilute the distinctiveness or reputation” of their own trademark violating Article 30, Paragraph 1, Subparagraphs 10 and 11 of the Trademark Act. However, through TIPO's review and subsequent ruling against the opposition, Valentino S.p.A's appeal was refused.

2. Soon after, Valentino S.p.A filed an “administrative litigation” to the TIPO court (Taiwan, Judicial Yuan, Administrative Litigation Act). However, the court believed that the “well-knownness” of trademarks specified in the former and latter parts of Article 30, Paragraph 1, Subparagraph 11 **should be interpreted separately**. The former part should define a well-known trademark as one that is well-known solely by relevant consumers, whereas the latter should define it as a trademark that both relevant and general consumers recognize. This interpretation better aligns with the purpose of the legislation. The TIPO court ruled “Valentino” to be a trademark that was only commonly recognized by relevant consumers and had not reached the extent of being commonly recognized by general consumers, and so the aforementioned regulations could not be used in the claim. By the administrative ruling, No. 109-Shing-Shang-Su-55, the TIPO court refused the plaintiff's action.
3. Valentino S.p.A did not accept this verdict and thus, proceeded to appeal the decision. When the Supreme Administrative Court judicial panel was hearing the case, they concluded that the legal interpretation used for a basis of ruling contradicted the legal interpretation in previous rulings (Supreme Administrative Court No. 106-Pan-607, No. 106-Pan-608, No. 106-Pan-609, No. 107-Pan-446, No. 109-Shang-982), and so the case was submitted to the Grand Chamber.

IV. Pertinent Legal Guidelines

The so-called protection of well-known trademarks, unlike the protection of general trademarks under trademark registration principles, stands on fair and just jurisprudence, and unprecedentedly covers unregistered trademarks within the scope of the Trademark Act. This system prevents others from clinging on to the high distinctiveness and goodwill of well-known trademarks, as well as preserves and protects individuals that have invested a large sum of money and effort in the trademark. Taiwan employs methods such as prohibiting registration, prohibiting use, rejecting trademark invalidation, etc. to protect well-known trademarks but this particular ruling emphasizes

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regulations on prohibiting registration. Article 30, Paragraph 1, Subparagraph 11 of the Trademark Act stipulates the following: "A trademark may not be registered in any of the following circumstances: (omitted) (11) being identical with or similar to another person's well-known trademark or mark, 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 or mark**, unless the proprietor of the said well-known trademark or mark consents to the application" (Taiwan, Ministry of Economic Affairs). The first part of this Subparagraph protecting trademarks, "being identical with or similar to another person's well-known trademark or mark, and hence there exists a likelihood of confusion on the relevant public" is based on the conventional principles of likelihood of confusion, saving consumers the cost of searching for products, and preventing speculators from hitching a ride. The "(being identical with or similar to another person's well-known trademark or mark), and hence there exists a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark or mark" from the latter part saw the addition of the principle of dilution in an amendment in 2003 which intended to cover areas that the former part did not, and avoid the blurring or dilution of a single-sourced¹ trademark that owners work hard to garner albeit the Trademark Act's definition of "well-known," according to Article 31 of the Enforcement Rules of the Trademark Act, stipulates that a degree of "recognition must be reached by **relevant businesses or consumers**"²."

However, in practice, regarding the latter part of the article above, whether the degree of well-knownness needs to exceed the extent of which a trademark is commonly recognized or known by relevant consumers and reach the extent of being commonly recognized or known by general consumers is subject to dispute. The former and latter part of the claim should consider the following distinction (hereinafter referred to as **distinction theory**): Because the registration of trademarks is not a prerequisite for the Trademark Act's system of protection, the system itself can be seen as destructive of the principle of trademark registration on certain levels (in other

¹ For example: the general public form a singular association or unique impression with "Coca-Cola". Refer to Supreme Administrative Court ruling no. 373 of 2013 and ruling no. 47 Of 2012

² According to Article 31 of the Trademark Act's Enforcement Rules: "The term 'well-known' in this law refers to having sufficient objective evidence to identify (a trademark) as widely recognized by **relevant businesses or consumers**."

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words, as long as the trademark is sufficiently well-known, it can be protected by trademark law even if it is not registered). The dilution principle, even more free of the restriction from a likelihood of confusion principle (even if there is no likelihood of confusion, there is protection as long as distinction is diluted and goodwill is impaired), is a super weapon³ that should have a naturally higher threshold for applying the term well knownness and should herein be intentionally restrictive in its interpretation of “well-knownness” in Article 31 of the Enforcement Rules of the Trademark Act.

Standing on the grounds of fair trade, the Examination Guidelines for the Protection of Well-known Trademarks under Article 30, Paragraph 1, Subparagraph 11 of the Trademark Act (hereinafter referred to as Examination Guidelines for the Protection of Well-known Trademarks) 3.2 points out: “When the market segments of the goods/services of two trademarks are different and there is not a clear conflict of interests consumers will not be misled into thinking such products are from the same or related source(s), but if these conflicting trademarks are allowed to be registered, the distinctiveness or reputation of the infringed trademarks may be damaged, which is a problem the protection against trademark dilution must solve. **In terms of protecting such a trademark, there is a risk of crossing over to markets with unclear conflicts of interest, having a great impact on the free competition, and causing a monopolization of text, image, mark, or other associative elements; to reduce such a damage and risk, the protection against trademark dilution should be limited to protecting more well-known trademarks. As such, in the latter part of Article 30, Paragraph 1, Subparagraph 11 concerning the protection from trademark dilution guidelines, the requirements for the degree of well-knownness of trademarks shall be higher than what is stipulated in the former part of the same article.**”

The Supreme Administrative Court’s first joint meeting of presiding judges in November of 2016 made the distinction: “The purpose of regulations stipulated in Article 30, Paragraph 1, Subparagraph 11 of the Trademark Act is to prevent the likelihood of confusion regarding the source of the product among the relevant public; the subject of protection being the relevant consumers, and the so-called relevant consumers referring to consumers of goods or services under the trademark (in reference

³ The Supreme Administrative Court No. 111 Da-1 ruling —Dissenting opinion (Bih-Fang Wang, Hui-Juan Chien)

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to Article 31 of the Trademark Act's Enforcement Rules). **The purpose of the specifications in the latter part of this regulation is to prevent the likelihood of confusion for the recognizability and reputation of well-known trademarks that are subjectively known by the general consumer. The subject of protection here is well-known trademarks, and is not limited to trademarks that use the same or similar products or services. The target and scope of these two forms of protection are not the same.** Also, the protection of trademarks comprises the effect of monopolizing and restricting the of use certain texts, images, marks or other associative elements. As such, **if a trademark is only well-known among the relevant consumers of certain goods or services and is not considered well-known by other consumers of different goods and services, then it is naturally not appropriate for the trademark rights of different goods and services to be monopolized or restricted because it would result in unfair competition in the market and clearly violate Article 1 of the Trademark Act."**

However, if the focus is on protecting the property rights and economic interests of well-known trademark holders, then there does not need to be too many prerequisite restrictions for the degree of well-knownness and there should be no distinction between the former and latter part of Article 30, Paragraph 1, Subparagraph 11 of the Trademark law. In practice, this interpretation is also used (hereinafter referred to the non-distinction theory), for example, when the Supreme Administrative court ruled No. 101-Pan-47 on the Japanese company UCC's trademark opposition case in 2012 in which the court pointed out that neither the trademark act or its Enforcement Rules explicitly dictate a difference in degree of well-knownness in the latter and former parts of these regulations. The Examination Guidelines for the Protection of Well-known Trademarks also does not point out that the degree of well-knownness must reach the extent of being commonly recognized by general consumers. Proponents of the distinction theory claim that this adds a restriction that is not stated in Law. The Grand Chamber holds this same interpretation at this time as seen below.

V. Grand Chambers Interpretation

In reference to conflicting definitions of "well-known" cited in both the former and latter part of Article 30, Paragraph 1, Subparagraph 11 of the Trademark Act

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respectively, the **Grand Chamber of the Supreme Administrative Court ruled on the basis of a non-distinction theory in the No. 111-Da-1 Ruling**. Their reasoning is summarized in the following points:

1. Article 31 of the Trademark Act's Enforcement Rules states: "A well-known trademark in this Act refers to a trademark that has sufficient objective evidence to identify it as widely recognized by relevant businesses or consumers." **And there is not yet a distinction between the former and latter parts of Article 30, Paragraph 1, Subparagraph 11.**
2. Examination Guidelines for the Protection of Well-known Trademarks 3.2 states: "Regulations regarding protection against trademark dilution from the latter part of Article 30, Paragraph 1, Subparagraph 11 shall have higher requirements for the degree of well-knownness over the requirements specified in the former part of the same article (omitted) If the trademark's degree of well-knownness surpasses the extent of being recognized by the general consumer, there exists a higher chance of applying the regulations from the latter part of Article 30, Paragraph 1, Subparagraph 11." The degree of well-knownness for well-known trademarks as specified in the latter part of Article 30, Paragraph 1, Subparagraph 11 of the Trademark Act **shall** exceed the extent of being recognized by relevant consumers and reach the extent of being recognized and known by general consumers, solely to suggest that if the trademark does possess this degree of well-knownness, **there is a higher chance of applying** this regulation.
3. In September of 1999, the World Intellectual Property Organization (WIPO) published a joint resolution of the protection of well-known trademarks regulations that dictated the following: Whether a well-known trademark's damage or dilution should require the degree of well-knownness reach the extent of being recognized by the general consumer is up to members to decide for themselves.
4. Article 23, regulations for the dilution of well-known trademarks, was added to the Trademark Act in 2003 (Article 30 of the current Act). **In analyzing the Executive Yuan's explanation of the proposal at the time, there was no intention of raising the requirement for being "well-known" to the extent of being recognized by the general consumer.**

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5. Proponents of the distinction theory use an intentionally restrictive interpretation approach to assert the definition of “well-known” in Article 31 of the Trademark Act’s Enforcement Rules and do not use the “well-known trademarks” definition from the latter part of Article 30, Paragraph 1, Subparagraph 11. However, according to the interpretation based on intentionally restrictive jurisprudence, it can at most be established that the definition of “well-known” from Article 31 of Trademark Act’s Enforcement Rules is not applicable to the “well-known trademark” in the latter part of Article 30, Paragraph 1, Subparagraph 11 of the Trademark Act. **A conclusion that states the degree of well-knownness (from the latter part of Article 30, Paragraph 1, Subparagraph 11 of the Trademark Act) must reach the extent of being recognized by the general consumer for such a regulation to be applied cannot be established.**

6. Article 70, Paragraph 2 of the Trademark Act stipulates: “Any of the following acts, without consent of the proprietor of a registered trademark, shall be deemed infringement of the right of such trademark: (omitted) (Paragraph 2) knowingly using words contained in another person’s well-known registered trademark as the name of a company, business, group or domain or any other name that identifies a business entity, and hence there exists a likelihood of confusion on relevant consumers or a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark” (Taiwan, Ministry of Economic Affairs). From this regulation it can be observed that in the case of “deemed infringement of trademark rights,” regardless of whether “there exists a likelihood of confusion on relevant consumers” or a “likelihood of dilution of the distinctiveness or reputation of the said well-known trademark”, the same phrase of “another person’s registered well-known trademark” evidently shows there is no legislative intent to have a separate definition of a well-known trademark (Taiwan, Ministry of Economic Affairs). A claim under the non-distinction theory clearly conflicts with the contents of this regulation.

7. In Examination Guidelines for the Protection of Well-known Trademarks 3.3, the requirements for a trademark to be considered well-known are higher than those stipulated in the former part of the same paragraph **which means when determining whether there exists a likelihood of dilution of the distinctiveness or reputation**

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of a well-known trademark, there should be a distinction made based on an analysis of the “degree of a trademark’s well-knownness” (a factor of consideration when establishing whether or not there has been dilution of the distinctiveness or reputation under Examination Guidelines for the Protection of Well-known Trademarks 3.3) and not on the conditions of a “well-known trademark” under the latter part of Article 30, Paragraph 1, Subparagraph 11 of the Trademark law. In addition, establishing the requirement for whether “there exists likelihood of dilution of the distinctiveness or reputation” cannot solely be based on whether the trademark exceeds the extent of being commonly recognized or known by relevant consumers resulting in excess protection for the owner of the well-known trademark.



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