

Taiwan

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Combatting Cross-Border Counterfeiting

While a significant amount of optical-media piracy continues in Taiwan, many of the lower-tech counterfeiting operations are relocating manufacturing facilities to low-cost labour jurisdictions in East Asia. Certainly, factory raids and product seizures locally remain key to getting products “off the street”, but pursuing those funding the operations is an increasingly viable approach. Where raid actions or customs seizures elsewhere turn up Taiwan names and addresses it may be worthwhile to determine if liability can be established in Taiwan. With a well-developed economy and court system, Taiwan is a jurisdiction where effective action can be taken against the individuals and companies funding the manufacture and distribution of fakes.

In numerous anti-counterfeiting cases using trademark and copyright bases in Taiwan, the infringing company's registered “responsible person” has been held criminally and civilly liable. As Taiwan companies that have relocated overseas often retain a corporate presence in

Taiwan, with careful evidence collection, the presence and use of these offices can be used to tie overseas activities into Taiwan courts. Moreover, the often unconcealed assets of the counterfeiting financiers can ease the financial burden of the anti-counterfeiting work.

When targeting a Taiwan company that has shifted production overseas, the amounts seized in Taiwan tend not to matter as much as the ability to establish criminal and civil liability. Even a Taiwan seizure of sales samples and documentation can be enough for a court judgment or to push a defendant into settlement negotiations. It is key to coordinate efforts at the overseas manufacturing site so that as much evidence as possible can be admitted into the Taiwan court. Establishing a paper trail for evidence is very helpful. The use of notarization (using the usual process) and legalization (via a Taiwan representative office) can facilitate admission of evidence in Taiwan. Given entry restrictions on PRC nationals into Taiwan, it is also a good idea to first determine who might be able to testify.

While assets may not be the sole factor in determining targets, it can be important in shaping strategies for action against the bosses and helping focus the allocation of legal resources. After running asset checks on the target company and responsible person, separate filings can be made for attachment of those assets on an *ex parte* basis with the Taiwan district courts. Taiwan courts will usually require a bond of about one-third to one-half the value

of the property attached. The defendant can require the rights holder to file a civil complaint within 30 days, although in most cases they do not. If the rights holder prevails, the bond is returnable.

Once a rights holder has decided to take action in Taiwan, it is important to determine what sort of action will be most effective. A warning or cease-and-desist letter not only gives notice to infringers that the rights holder is aware of their activities, but also has the disadvantage of making the infringers aware of the rights holder, so it is often best to issue these after initial investigations have been completed and useable evidence has been collected. For trademark and copyright infringement cases, it is often possible to organize a police raid action to gain relevant evidence. Civil attachment of infringing goods and documents can also be used in Taiwan. It is worth noting that unless documents are promptly collected by the police or by a judge at the outset of the case, it may be impossible to get the defendant to supply them later because civil discovery procedures are somewhat weak.

Benefits to rights holders that follow up the criminal route with the filing of a supplementary civil action include: 1) access to the full police, prosecutor and court files of the case; 2) enhanced participation in the criminal hearings, increasing the likelihood of success in both the criminal and civil actions; 3) avoidance of the usual one-percent-of-claim court fees for civil filings; and 4) generally, a faster final civil judgment. As civil judgment amounts in Taiwan may not cover the full extent of harm, the preparation and submission of good evidence can help keep the numbers up and hit the infringers where it counts – in the wallet.